

LIQUOR STORES N.A. LTD.

Annual Meeting of Shareholders
and 2015 Information Circular



ANNUAL MEETING

Friday, May 8, 2015, 8:00 a.m.

Varscona Hotel on Whyte

8208-106 Street, Edmonton, Alberta

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LIQUOR STORES N.A. LTD.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO: THE SHAREHOLDERS OF LIQUOR STORES N.A. LTD.

TAKE NOTICE that an Annual Meeting (the “**Meeting**”) of the holders (“**Shareholders**”) of common shares of Liquor Stores N.A. Ltd. (the “**Corporation**”) will be held in the Thomas Bennett Room of Varscona Hotel on Whyte, 8208 – 106th Street, Edmonton, Alberta, on Friday, May 8, 2015, at 8:00 a.m. (Edmonton time) for the following purposes:

- (1) to receive and consider the consolidated financial statements of the Corporation for the year ended December 31, 2014, and the auditors’ report thereon;
- (2) to fix the number of directors to be elected at the Meeting at nine (9);
- (3) to elect directors of the Corporation for the ensuing year;
- (4) to appoint the auditors of the Corporation and to authorize the directors to fix their remuneration as such;
- (5) to consider, and if thought advisable, to pass an ordinary resolution approving the 5 year term of the performance awards granted to certain executive officers of the Corporation under our Incentive Award Plan;
- (6) to consider, and if thought advisable, to pass an ordinary resolution confirming By-Law No.2 of the Corporation; and
- (7) to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular accompanying and forming part of this Notice.

The record date for the Meeting is the close of business on April 2, 2015 (the “**Record Date**”). Only Shareholders of record as at the Record Date are entitled to attend the Meeting and vote their shares included in the list of Shareholders entitled to receive notice of the Meeting prepared as at the Record Date. No Shareholder who becomes a Shareholder after the Record Date shall be entitled to vote at the Meeting.

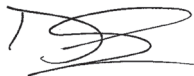
Shareholders of record who are unable to attend the Meeting in person are requested to date and sign the enclosed Instrument of Proxy and deposit it with Valiant Trust Company, located at Suite 310, 606 – 4th Street, S.W., Calgary, Alberta, T2P 1T1, or by fax at 403-233-2857.

Registered Shareholders may also use the internet site at <https://proxy.valiantrust.com> to appoint a proxy holder and transmit their voting instructions. Shareholders should have the enclosed Instrument of Proxy in hand when they access the web site and will be prompted to enter their Control Number, which is located on the form of proxy. Whether mailing, couriering, depositing in person or faxing the enclosed Instrument of Proxy, or voting by internet, proxies or voting instructions must be received not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or any adjourned Meeting. Please note that if a registered Shareholder appoints a proxy holder and submits their voting instructions and subsequently wishes to change their appointment or voting instructions, the Shareholder may do so prior to the deadline noted above. When resubmitting a proxy or voting instructions, the most recently submitted proxy and/or voting instructions will be recognized as valid, and all previously submitted proxies or voting instructions will be disregarded and considered as revoked, provided that the last proxy or voting instructions are submitted by the deadline noted above.

Non-registered or beneficial Shareholders who do not hold Common Shares in their own name but rather through a broker, financial institution, trustee, nominee or other intermediary must complete and return the voting instruction form provided to them or follow the telephone or internet-based voting procedures described therein in advance of the deadline set forth in the voting instruction form in order to have such Common Shares voted at the Meeting on their behalf. See “Information for Beneficial Shareholders” in the accompanying Information Circular.

DATED this 6th day of April, 2015.

BY ORDER OF THE BOARD DIRECTORS
OF LIQUOR STORES N.A. LTD.



David Gordey
Senior Vice President and Chief Financial Officer

LIQUOR STORES N.A. LTD.

INFORMATION CIRCULAR

(Containing information as at April 6, 2015 unless indicated otherwise)

PROXY SOLICITATION AND VOTING MATTERS

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the directors (the “Directors”) of Liquor Stores N.A. Ltd. (“Liquor Stores” or the “Corporation”) for use at the annual meeting (the “Meeting”) of holders (“Shareholders”) of common shares (“Common Shares”) of the Corporation to be held in the Thomas Bennett Room of the Varscona Hotel, 8208 – 106th Street, Edmonton, Alberta, at 8:00 a.m. (Edmonton time) on Friday, May 8, 2015, or at any adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting.

It is expected that the solicitation of proxies for the Meeting will be primarily by mail, but proxies may be solicited personally, by telephone or by other means of communication by the Directors, officers and regular employees of the Corporation, who will not be specifically remunerated therefore. All costs of solicitation of proxies by or on behalf of the Directors will be borne by the Corporation.

APPOINTMENT OF PROXIES

The persons named in the accompanying form of proxy are officers of the Corporation. A Shareholder of record desiring to appoint some other person, who need not be a Shareholder, to represent that Shareholder at the Meeting has the right to do so, either by inserting the desired person’s name in the blank space provided in the form of proxy and crossing out the names of the officers, or by completing another proper form of proxy.

A form of proxy must be in writing and signed by the Shareholder or by the Shareholder’s attorney duly authorized in writing or, if the Shareholder is a body corporate or association, under its seal or by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing. If the form of proxy is executed by an attorney, evidence of the attorney’s authority must accompany the form of proxy. A proxy will not be valid unless the completed proxy is received by Valiant Trust Company, located at Suite 310, 606 – 4th Street, S.W., Calgary, Alberta, T2P 1T1, by fax at 403-233-2857 or by Internet voting at proxy.valianttrust.com, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the commencement of the Meeting, or any adjournment thereof.

Shareholders voting by internet should have the enclosed form of proxy in hand when they access the web site as they will be prompted to enter their Control Number, which is located on the form of proxy. **Please note that if a Shareholder appoints a proxy holder and**

submits their voting instructions and subsequently wishes to change their appointment or voting instructions, a Shareholder may resubmit their proxy and/or voting instructions, prior to the deadline noted above. When resubmitting a proxy or voting instructions, the most recently submitted proxy and/or voting instructions will be recognized as valid, and all previously submitted proxies or voting instructions will be disregarded and considered as revoked, provided that the last proxy or voting instructions are submitted by the deadline noted above.

REVOCATION OF PROXIES

A Shareholder who has given a form of proxy may revoke it (A) by an instrument in writing that is signed and delivered to: (i) the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or an adjournment thereof, at which the form of proxy is to be used; (ii) the chairman of the Meeting on the day of the Meeting or an adjournment thereof; or (B) in any other manner permitted by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

VOTING OF PROXIES

The officer representatives designated in the enclosed form of proxy will vote or withhold from voting the Common Shares in respect of which they are appointed proxy on any ballot that may be called for in accordance with the instructions of the Shareholder as indicated on the form of proxy and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. Where no choice is specified in the form of proxy, the officer representatives designated therein will vote such Common Shares “for” the matters described therein and in this Information Circular.

The enclosed form of proxy confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting and with respect to other matters that may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any other business is properly brought before the Meeting, it is the intention of the officer representatives designated in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Information Circular, the Directors know of no such amendment, variation or other matter that may be presented to the Meeting.

INFORMATION FOR BENEFICIAL SHAREHOLDERS

These meeting materials are being sent to both registered and non-registered Shareholders. If you are a non-registered Shareholder and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary/broker holding on your behalf.

The information set forth in this section is important to all Shareholders of the Corporation who do not hold their Common Shares in their own name (referred to in this Information Circular as “**Beneficial Shareholders**”). Beneficial Shareholders should note that only a Shareholder whose name appears on the records of the Corporation as a registered holder of Common Shares or a person they appoint as a proxy can be recognized and vote at the Meeting. A significant majority of the issued and outstanding Common Shares are in a book-based system administered by CDS Clearing and Depository Services Inc. (“**CDS**”). Consequently, such Common Shares are currently registered under the name of CDS & Co. (the registration name for CDS). CDS also acts as nominee for brokerage firms through which Beneficial Holders hold their Common Shares. Common Shares held by CDS can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder.

Applicable regulatory policy requires intermediaries/brokers to whom meeting materials have been sent to seek voting instructions from Beneficial Shareholders in advance of Shareholders’ meetings. Every intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the voting instruction form supplied to a Beneficial Shareholder by its broker is nearly identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically prepares a special voting instruction form, mails those forms to the Beneficial Shareholders and asks for instructions respecting the voting of Common Shares to be represented at the Meeting. Beneficial Shareholders are requested to complete and return their voting instruction form in accordance with the instructions set forth therein. A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Common Shares directly at the Meeting. The voting instruction form must be returned or submitted as directed therein well in advance of the Meeting in order to have the Common Shares voted.

Beneficial Shareholders cannot be recognized at the Meeting for purposes of voting their Common Shares in person. If you are a Beneficial Shareholder and wish to vote in person at the Meeting, please see the voting instructions you received or contact your intermediary/broker well in advance of the Meeting to determine how you can do so.

Beneficial Shareholders should carefully follow the voting instructions they receive, including those on how and when voting instructions are to be provided, in order to have their Common Shares voted at the Meeting.

GENERAL INFORMATION

Unless otherwise stated, the information contained in this Information Circular is given as at April 6, 2015. All dollar amounts are expressed in Canadian dollars, unless otherwise stated.

INFORMATION CONCERNING LIQUOR STORES N.A. LTD.

Liquor Stores N.A. Ltd. is a corporation incorporated pursuant to the *Canadian Business Corporations Act* (the “**CBCA**”) and through subsidiaries owns and operates 246 retail liquor stores in the Provinces of Alberta and British Columbia, and the States of Alaska and Kentucky. The Common Shares of Liquor Stores trade on the Toronto Stock Exchange under the symbol “LIQ”. The affairs of the Corporation are supervised by its Board of Directors.

The Corporation is the successor to Liquor Stores Income Fund (the “**Fund**”). The **Fund** was reorganized from an income trust structure to a publicly-traded corporation, being the Corporation, pursuant to a Plan of Arrangement completed under the CBCA effective December 31, 2010 (the “**Reorganization**”). The Corporation and its subsidiaries now carry on the business formerly carried on by the Fund and its subsidiaries.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

There are 27,279,660 Common Shares issued and outstanding, each of which entitles the holder to one vote on a ballot. Only registered holders of Common Shares on the Record Date, or their duly-appointed proxies, are entitled to vote at the Meeting.

To the knowledge of the Corporation, no person beneficially owns, or controls or directs, directly or indirectly, 10% or more of the voting rights attached to all voting securities of the Corporation.

MATTERS TO BE ACTED UPON AT THE MEETING

Other than as set forth herein, neither the Directors nor management of the Corporation is aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any nominee for Director or any Director or executive officer of the Corporation or anyone who has held office as such since the beginning of the Corporation's last financial year, or of any associate or affiliate of any of the foregoing, in any matter to be acted on at the Meeting.

ELECTION OF DIRECTORS OF THE CORPORATION

At the Meeting, Shareholders will be asked to fix the number of Directors to be elected at the Meeting at nine (9) and to elect nine (9) Directors to hold office until the next annual meeting of the Shareholders of the Corporation or until their successors are elected

or appointed. There are currently nine (9) Directors of the Corporation, each of whose term of office expires at the termination of the Meeting unless such Director is re-elected thereat. Mr. Taylor and Ms. Doniz are standing for election for the first time. Both Mr. Taylor and Ms. Doniz were appointed as Directors effective January 1, 2015.

On March 5, 2013, the Board adopted a policy stipulating that each Director should be elected by a majority of the votes cast and that forms of proxy for the election Directors shall enable shareholders to vote in favour of, or to withhold from voting, for each nominee on an individual basis. The policy provides that if any nominee for Director receives, from the shares voted at the meeting in person or by proxy, a greater number of shares withheld than shares voted in favour of his or her election, then the Director must promptly tender his or her resignation to the Board, to take effect on acceptance by the Board.

The Governance Committee of the Board will promptly consider the offer to resign and make a recommendation to the Board after reviewing the matter, and the Board will act on the Governance Committee's recommendation within 90 days following the shareholders' meeting. The Board's decision to accept or reject the resignation offer, including the reasons therefor in the case of a determination not to accept the resignation, will promptly be disclosed to the public by press release. The nominee will not participate in any Governance Committee or Board deliberations on the resignation offer. The policy does not apply in circumstances involving contested director elections. The Governance Committee reserves the right to consider all factors it deems relevant to the best interest of the Corporation when assessing whether to accept such resignation.

The names and jurisdictions of residence of the persons nominated for election as Directors, the number of Common Shares, Deferred Shares (as defined herein), beneficially owned, or over which each exercises control or direction, directly or indirectly, the offices held by each in the Corporation, the date when first elected or appointed as a Director and the principal occupation of each are set forth below.

Name and Municipality of Residence ⁽¹⁾	Date when first elected or appointed as a Director	Principal Occupation and Other Public Directorships ⁽¹⁾	Number of Common Shares ⁽²⁾	Number of Deferred Shares ⁽³⁾
Stephen Bebis ⁽¹⁰⁾ Massachusetts, United States	Since May 2013	President and Chief Executive Officer of the Corporation. May 2012 – May 2013: President and Chief Executive Officer of Brookstone Inc. (a specialty lifestyle retail company). 1998 – December 2011: President and Chief Executive Officer of Golf Town (the largest specialty golf retailer in Canada).	34,900	–
Henry Bereznicki ⁽⁴⁾⁽⁵⁾ Alberta, Canada	Since August 2004	President, Western Region of North American Development Group (a private real estate developer) and Centrecorp (a private real estate services company).	439,796 ⁽⁷⁾	4,018
Gary Collins ⁽⁴⁾⁽⁵⁾ British Columbia, Canada	Since September 2006	Corporate Director. Mr. Collins serves as a director of Chorus Aviation Inc.	7,300	16,661
Jim Dinning ⁽⁹⁾ Alberta, Canada	Since August 2004	Chairman, of the Corporation. Chairman, Western Financial Group (financial services company). Chairman, Russel Metals Inc. Director of Oncolytics Biotech Inc.	23,546	20,244
Susan Doniz ⁽⁴⁾⁽⁶⁾ Ontario, Canada	Since January 2015	Corporate director. 2011 to 2014: Global Chief Information Officer for Aimia Inc. (a world leader in loyalty rewards management and the owner/operator of Aeroplan). 2000 to 2011: Senior leadership roles at Proctor & Gamble Canada, including Director, Chief Information Officer and Global Business Services Officer.	–	–
Robert S. Green ⁽⁵⁾⁽⁶⁾ Ontario, Canada	Since August 2004	President of North American Development Group (a private real estate developer) and Centrecorp (a private real estate services company)	27,900 ⁽⁷⁾⁽⁸⁾	11,735
Peter L. Lynch ⁽⁴⁾⁽⁵⁾ Florida, United States	Since May 2014	Corporate director. December 2004 – May 2012: President and Chief Executive Officer of Winn Dixie Stores Inc. (U.S. national grocery store chain), including a period as Chairman of the Board.	–	635
David B. Margolus, Q.C. ⁽⁴⁾⁽⁶⁾ Alberta, Canada	Since August 2004	Counsel & Partner, Witten LLP (law firm).	171,699	5,822
Henry (Harry) P. Taylor ⁽⁴⁾⁽⁵⁾ Ontario, Canada	Since January 2015	2010 to present: Current – Senior Vice President, Finance with Canadian Tire Corporation, Limited. Previous – Chief Operating Officer with Mark's (formerly Mark's Work Warehouse, a subsidiary of Canadian Tire). 2008 to 2010: Chief Financial Officer, Holt Renfrew.	–	–

(1) The information as to jurisdiction of residence and principal occupation, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.

(2) The information as to the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, not being within the knowledge of the Corporation, has been based upon reports filed with applicable securities regulatory authorities.

(3) Information provided as at March 31, 2015. Please see "Director Compensation – Director Fees and Deferred Share Plan" for a detailed description of the Deferred Share Plan.

(4) Member of the Compensation Committee of the Corporation.

(5) Member of the Audit Committee of the Corporation.

(6) Member of the Governance Committee of the Corporation.

(7) Mr. Bereznicki, together with his associates and affiliates, owns beneficially, or exercises control or direction over, directly or indirectly, approximately 41.98% of the outstanding shares of Liquor World Group Inc., which owns beneficially, or exercises control or direction over, directly or indirectly, 261,292 Common Shares. Mr. Green, owns beneficially, or exercises control or direction over, directly or indirectly, approximately 15.15% of the shares of Liquor World Group Inc.

(8) Mr. Green's Common Shares are in addition to the Common Shares owned by Liquor World Group Inc., as described above in footnote #7.

(9) As Chairman of the Board, Mr. Dinning is an ex-officio member of each Standing Committee of the Board.

(10) In addition to the securities listed, Mr. Bebis also owns 84,332 Restricted Awards and 82,651 Performance Awards.

A “record of attendance by Directors” at meetings of the Directors and the standing committees of the Board of Directors for the year ended December 31, 2014, is set out in Schedule “B” hereto.

Unless such authority is withheld, the officer designees named in the accompanying form of proxy intend to vote for the election of the nominees whose names are set forth herein.

To the knowledge of the Corporation, no proposed Director of the Corporation (nor any personal holding company of a proposed Director) is, as of the date of this Information Circular, or has been within ten years before the date of this Information Circular, a director, Chief Executive Officer or Chief Financial Officer of any company (including the Corporation), that:

- a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an “**Order**”) that was issued while the proposed director was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer; or
- b) was subject to an Order that was issued after the proposed Director ceased to be a director, Chief Executive Officer or Chief Financial Officer and which resulted from an event that occurred while that person was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer.

To the knowledge of the Corporation, except as disclosed below with respect to Mr. Lynch and Mr. Bebis, no proposed Director (nor any personal holding company of any proposed Director):

- a) is, as of the date of this Information Circular, or has been within the ten years before the date of this Information Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- b) has, within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

From May 2004 until May 2012, Mr. Lynch was President and Chief Executive Officer of Winn-Dixie Stores Inc., a Florida-based large multi-store grocery retailer. Winn-Dixie Stores Inc. has been publicly-traded, at different times, on the New York Stock Exchange and NASDAQ Stock Market. In February 2005, Winn-Dixie Stores Inc. declared Chapter 11 bankruptcy and underwent restructuring pursuant to Title 11 of the U.S. Bankruptcy Code. The company emerged from Chapter 11 protection in November 2006. At that time, in addition to his position as President and Chief Executive Officer of the company, Mr. Lynch also assumed the role of Chairman of the Board.

From May 2012 until April 2013, Mr. Bebis was President and Chief Executive Officer of Brookstone Inc., a private New Hampshire-based specialty goods retail company. In connection with an intended sale of the company, in April 2014 the company declared Chapter 11 bankruptcy and commenced a restructuring process pursuant to Title 11 of the U.S. Bankruptcy Code. A sale of Brookstone Inc. was completed in June 2014.

To the knowledge of the Corporation, no proposed Director of the Corporation (nor any personal holding company of any proposed Director), has been subject to:

- a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

APPOINTMENT OF AUDITOR

At the Meeting, Shareholders will be called upon to appoint PricewaterhouseCoopers LLP, as auditors of the Corporation, to hold office until the next annual meeting of the Corporation, at a remuneration to be fixed by the Directors. PricewaterhouseCoopers LLP has been the auditor of the Corporation (and its predecessor entity, Liquor Stores Income Fund) since August 10, 2004.

Unless such authority is withheld, the officer designees named in the accompanying form of proxy intend to vote for the appointment of PricewaterhouseCoopers LLP, as auditors of the Corporation, to hold office until the next annual meeting of the Corporation, at a remuneration to be fixed by the Directors.

The information required by Form 52110F1 of National Instrument 52110 *Audit Committees* of the Canadian Securities Administrators, including information about the fees billed to the Corporation by PricewaterhouseCoopers LLP, is contained in the Corporation’s Annual Information Form for the year ended December 31, 2014, under the heading “Audit Committee”.

GRANT OF ONE-TIME PERFORMANCE AWARDS TO CERTAIN OFFICERS

On May 13, 2014, Shareholders approved the adoption of the Corporation's amended and restated incentive award plan (the "**Incentive Award Plan**") which, among other things, authorizes the board of directors (the "**Board**") of the Corporation to grant restricted incentive awards ("**Restricted Awards**") and performance incentive awards ("**Performance Awards**") to persons who are officers, employees or consultants of the Corporation. For a detailed description of the terms and provisions of the Incentive Award Plan, see "Statement of Executive Compensation – Incentive Plan Awards – Incentive Award Plan" below.

Pursuant to the Incentive Award Plan, Restricted Awards and Performance Awards (collectively, "**Incentive Awards**") shall have a term expiring on the "**Expiry Date**", being December 15th of the third year following the year in which the applicable Incentive Award is granted. Under the Incentive Award Plan, the term of any Incentive Award may not be extended beyond this Expiry Date without the approval of the Shareholders. Effective November 17, 2014 (the "**Grant Date**"), the Board granted an aggregate of 130,637 Performance Awards (the "**One-Time Performance Award**") to certain officers of the Corporation having a term, subject to Shareholder approval, expiring on November 17, 2019, being five years from the date of grant; provided that until such time as Shareholders approve the extension of the term to five years, the One-Time Performance Awards shall be deemed to have been granted with a term expiring on the original Expiry Date set forth in the Incentive Award Plan, being December 15, 2017. Of the 130,637 Performance Awards issued on November 17, 2015, 14,045 were subsequently forfeited (see below for further details) and 116,592 Performance Awards originally granted remain outstanding as at the date of this document.

Award Recipients and Determination of Award Value

The Board has granted One-Time Performance Awards to the following officers of the Corporation. The value of the grant was equal to 150% of the officer's annual long-term incentive target (which range from 40% to 50% of base salary) as at the Grant Date, with the exception of Stephen Bebis whose award was equal to 100% of his then annual long-term incentive target (which was 100% of base salary). The number of PSUs granted was determined based on the value of the grant divided by the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange for the five trading days ending on the Grant Date which was \$13.75.

Name	Position	Target Award Value	Number of PSUs Granted
Stephen Bebis	President and Chief Executive Officer	\$ 736,710	53,579
Craig Corbett ⁽¹⁾	Former Executive Vice President, Business Development, General Counsel and Corporate Secretary	\$ 193,125	14,045
David Gordey	Senior Vice President and Chief Financial Officer	\$ 144,000	10,473
Erika Cobb	Senior Vice President, Information Technology	\$ 156,409	11,375
Jason Fremstad	Senior Vice President, General Merchandise Management	\$ 156,409	11,375
Lieske Renz	Senior Vice President, Human Resources	\$ 149,609	10,881
Steve Rop	Senior Vice President, Operations and Logistics	\$ 170,010	12,364
Jim Yaworski	Senior Vice President, Construction and Design	\$ 90,000	6,545
Totals		\$ 1,796,272	130,637

⁽¹⁾ Mr. Corbett ceased his employment with the Corporation on January 20, 2015 and as a result the One-Time Performance Awards granted to him were terminated in accordance with their terms.

Rationale for the One-Time Performance Award

The Corporation has recruited a number of key executives to its senior leadership team this past year. As a result, the Board was determined to incent the leadership team and tie their interests to the Corporation's long-term strategy and growth. The One-Time Performance Awards differ from the regular long-term incentive awards.

The Board believes the grant of the One-Time Performance Awards, including the lengthened term, is consistent with the Corporation's long-term incentive compensation objectives of:

- i. linking long-term incentive compensation with corporate performance;
- ii. retaining a strong and qualified senior leadership team to execute our long-term growth and business strategies (with the desired outcome of retention of the senior leadership team through a longer term incentive, being five years, subject to Shareholder approval, compared to the three year awards in the Incentive Award Plan);
- iii. aligning the interest of the new senior leadership team with the financial performance of the Corporation by promoting a proprietary interest through equity ownership opportunities (which also implement absolute share price performance hurdles);
- iv. aligning the interest of the senior leadership team with that of the Corporation's shareholders by linking the payout multiplier of the One-Time Performance Awards to absolute share price thresholds, which the Board believes are challenging to achieve; and
- v. issuing awards that are more aligned with our on-going long-term incentive mix, which have a lower rate of dilution for the Corporation's shareholders compared to other incentive awards such as stock option awards.

Vesting Conditions

Under the terms of the grant, none of the One-Time Performance Awards shall vest until the 3rd anniversary of the Grant Date.

Performance Measurement

Upon payout of each vested One-Time Performance Award (if both time and performance vesting criteria have been met), the holder thereof will be issued one Common Share; provided that the number of Common Shares a holder of One-Time Performance Awards is otherwise entitled to on payout will be adjusted and multiplied by the payout multiplier set forth in the following table based on the highest fair market value of the Common Shares achieved during the term of the One-Time Performance Awards. For the purpose thereof, "fair market value" means the twenty-day volume weighted average trading price of the Common Shares on the Toronto Stock Exchange (the "TSX").

Fair Market Value Threshold	Payout Multiplier
Less Than \$15.00	0.0
\$15.00 – \$16.66	0.5
\$16.67 – \$18.32	1.0
\$18.33 – \$19.99	1.5
\$20.00	2.0 >

Accordingly, by way of example, if the fair market value of the Common Shares at any point in time during the term of the One-Time Performance Awards equals or exceeds \$15.00 but is less than \$16.67, the holder of the One-Time Performance Awards will only receive 0.5 of a Common Share for each vested One-Time Performance Award upon payout, whereas if the fair market value of the Common Shares equals or exceeds \$20.00 at any point during the term of the One-Time Performance Awards, each vested One-Time Performance Award will entitle the holder thereof to 2.0 Common Shares upon payout. The payout multiplier represents the "performance" portion of the One-Time Performance Awards, as (i) the One-Time Performance Awards will not vest and no Common Shares will be issuable pursuant thereto if the fair market value of the Common Shares does not equal or exceed \$15.00 during their term, and (ii) the number of Common Shares issued pursuant to the One-Time Performance Awards increases as the subsequent thresholds are satisfied.

Request for Shareholder Approval

Further to the foregoing, the Board recommends that Shareholders vote in favour of approving the 5 year term of the One-Time Performance Awards, and unless otherwise directed, the persons set forth in the accompanying Instrument of Proxy, if named as proxy, intend to vote FOR the following ordinary resolution approving such five year term:

"BE IT RESOLVED THAT:

1. the grant of an aggregate of 116,592 performance incentive awards having an expiry date of November 17, 2019 to certain officers of Liquor Stores N.A. Ltd. (the "**Corporation**") pursuant to the Corporation's amended and restated incentive award plan, as more particularly described in the information circular of the Corporation dated April 10, 2014, be and is hereby ratified, confirmed and approved; and
2. any one director or officer of the Corporation be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution."

In order to be approved, the foregoing resolution must receive the affirmative vote of at least a majority of the votes cast by Shareholders in person or by proxy at the Meeting in respect of the resolution.

CONFIRMATION OF BY-LAW NO. 2

On March 4th, 2015, the Board passed a resolution adopting and creating By-law No. 2, a copy of which is attached to this Information Circular as Schedule D (the "**Advanced Notice By-law**"). In accordance with the *Canada Business Corporations Act* (the "**CBCA**"), the Advanced Notice By-law is subject to confirmation by the Shareholders at the Meeting.

The Advanced Notice By-law contains advance notice provisions, which provide Shareholders, the Board and management of the Corporation with a clear framework for nominating directors to help ensure orderly business at Shareholder meetings by effectively preventing a Shareholder from putting forth director nominations from the floor of a meeting without prior notice.

Among other things, the Advanced Notice By-law fixes a deadline by which Shareholders must submit notice of director nominations to the Corporation prior to any annual or special meeting of Shareholders. It also specifies the information that a nominating Shareholder must include in the notice to the Corporation for the notice to be in proper written form in order for any director nominee to be eligible for nomination and election at any annual or special meeting of Shareholders.

In the case of an annual meeting of Shareholders (including an annual and special meeting), notice to the Corporation must be made not less than 30 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement. In the case of a special meeting of Shareholders (which is not also an annual meeting) called for

the purpose of electing directors (whether or not called for other purposes), notice to the Corporation must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made. No person nominated by a Shareholder will be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of the Advanced Notice By-law.

The Advanced Notice By-law does not affect nominations made pursuant to a “proposal” made in accordance with the CBCA or a requisition of a meeting of Shareholders made pursuant to the CBCA.

The Board may, in its sole discretion, waive any requirement of the Advanced Notice By-law.

In accordance with the CBCA, the Advanced Notice By-law is in effect until it is confirmed, confirmed as amended or rejected by Shareholders at the Meeting, and if confirmed or confirmed as amended, the Advanced Notice By-law will continue in effect in the form in which it is so confirmed. If Shareholders reject the confirmation of the Advanced Notice By-law at the Meeting, it will thereafter cease to have effect.

Accordingly, the Board recommends that Shareholders vote in favour of confirming the Advanced Notice By-law, and unless otherwise directed, the persons set forth in the accompanying Instrument of Proxy, if named as proxy, intend to vote FOR the following ordinary resolution confirming the Advanced Notice By-law.

“BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE SHAREHOLDERS OF LIQUOR STORES N.A. LTD. (THE “CORPORATION”) THAT:

1. By-law No. 2 of the Corporation, in the form attached as Schedule D to the Information Circular of the Corporation dated April 6, 2015, is hereby adopted and confirmed as a by-law of the Corporation;
2. any one director or officer of the Corporation be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution; and
3. notwithstanding that this resolution has been passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors.”

IN ORDER FOR THE ADVANCED NOTICE BY-LAW TO BE CONFIRMED, THE FOREGOING RESOLUTION MUST RECEIVE THE AFFIRMATIVE VOTE OF AT LEAST A MAJORITY OF THE VOTES CAST BY SHAREHOLDERS IN PERSON OR BY PROXY AT THE MEETING IN RESPECT OF THE RESOLUTION.

STATEMENT OF EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

The following Compensation Discussion and Analysis is intended to provide the Corporation’s shareholders with a description of the processes and decisions involved in the design, oversight, and payout of its compensation programs for the Named Executive Officers (“NEOs”) for the 2014 financial year. The NEOs during fiscal 2014 were as follows:

- Stephen Bebis, President and Chief Executive Officer;
- David Gordey, Senior Vice President and Chief Financial Officer;
- Steve Rop, Senior Vice President, Operations and Logistics;
- Erika Cobb, Senior Vice President, Information Technology;
- Patrick de Grace, Former Senior Vice President and Chief Financial Officer;
- Craig D. Corbett, Former Executive Vice President, Business Development, General Counsel and Corporate Secretary.

COMPENSATION COMMITTEE & COMPENSATION GOVERNANCE

The Compensation Committee has the responsibility to develop and recommend to the Board of Directors policies regarding the remuneration of the executive officers of the Corporation and the development and training of their successors, as well as to supervise the implementation of these policies. Annually, the Committee reviews the Corporation’s compensation philosophy and guidelines and in doing so it assesses the linkage of executive compensation to our financial and non-financial performance, support of our business strategy, and alignment with our general employee compensation philosophy.

The Compensation Committee is seven directors: Gary Collins (Chair), Henry Bereznicki, Jim Dinning, Susan Doniz, Peter Lynch, David Margolus and Harry Taylor. Mr. Dinning is an ex-officio member of the Committee (by virtue of his position as Chairman of the Corporation). All members of the Committee are “independent” with the meaning of the Canadian Securities Administrator’s National Policy 58-201 *Corporate Governance Guidelines*. In 2014, Gary Collins (Chair), R. John Butler, Jim Dinning and David Margolus were members of the Committee until the May 12, 2014 when it changed to Gary Collins (Chair), Henry Bereznicki, Jim Dinning Peter Lynch and David Margolus. While serving on the Committee, all members were “independent” as defined above.

All members of the Compensation Committee have had direct experience in executive compensation matters by virtue of their past executive and/or board positions with other companies (both public and private)—see “Election of Directors of the Corporation” for a

summary of the members' current and past occupations. Specifically, Mr. Collins formerly served as the President of Coastal Contacts Inc. and Chair of the Compensation Committee of Catalyst Paper Corporation. In both of these positions, Mr. Collins was responsible for working with the Board of Directors to develop executive compensation philosophies and guidelines and for reviewing and approving annual executive compensation programs.

INDEPENDENT EXECUTIVE COMPENSATION CONSULTANTS

When deemed appropriate, the Board of Directors may retain the services of an external consultant to provide independent advice and information on:

- The Corporation's compensation practices and program design;
- Perspective on appropriate total compensation levels based on competitive practice and benchmark analysis;
- Updates on ongoing trends in executive compensation design and governance; and
- Any other information in support of evaluating compensation recommendations and making effective decisions pertaining to executive compensation.

On recommendation of the Compensation Committee, in September 2012 the Board of Directors engaged the services of Hugessen Consulting Inc. ("**Hugessen**") as executive compensation consultants to provide independent advice to the Committee and the Board on executive compensation, including the structure of compensation for executives of the Corporation. Working independently, in 2013 Hugessen assessed the market competitiveness of compensation and provided the Committee with data respecting the annual and long-term incentive pay practices of comparable public issuers and retail peers. In 2014, Hugessen also advised on the compensation peer group, provided updated Long-term Incentive Plan design alternatives, and consulted on One-Time Performance Award alternatives for the senior leadership team. Mr. Collins and the Committee members met with Hugessen without members of management present to discuss their information and recommendations. Decisions made by the Committee and the Board of Directors related to executive compensation reflect the advice provided by Hugessen as well as other factors and considerations deemed relevant.

In 2013, the Corporation also engaged the services of Pinch HR Services Inc. ("**Pinch**"), an independent human resources services firm. The principal of Pinch served as the Corporation's de facto Interim Vice-President of Human Resources during a period of human resource transition for the Corporation in 2013 and 2014. As a component of its overall services, the principal of Pinch worked closely with the Compensation Committee to further provide independent advice on the market competitiveness of compensation arrangements for executive management of the Corporation. As part of this advice Pinch relied upon generally available online market data of similar-sized companies to assess appropriate pay levels for executives, leveraging Economic Research Institute online data.

During the two most recently completed financial years, the fees paid by the Corporation to compensation consultants and advisors were as follows:

	2014	2013
Executive compensation-related fees ⁽¹⁾	\$119,714	\$ 53,124
All other fees ^{(2) (3)}	147,090	6,750
	\$266,804	\$ 59,874

(1) Fees relate to work conducted by Hugessen. Executive compensation-related fees are fees for services related to determining compensation for our executive officers and for assessing the competitiveness and practices of our director compensation.

(2) Fees relate to work conducted by Pinch. Hugessen did not provide any other services to the Corporation.

(3) Pinch provided numerous other services to the Corporation, including but not limited to supervision of internal store-level training programs, creation of new human resource policies and processes, and providing advice to the Board and the Chief Executive Officer on compensation arrangements for our non-executive and store-level employees. It was not necessary for the Board of Directors or the Compensation Committee to pre-approve these additional services.

EXECUTIVE COMPENSATION PHILOSOPHY

The Compensation Committee's executive compensation philosophy is guided by its overall objective to obtain and retain executives critical to the success of the Corporation. Specifically, the Corporation's compensation philosophy is based upon the following three (3) fundamental principles:

1. *Compensation Programs Align with the Interests of Shareholders* – The Corporation aligns the interests of executive officers with the goal of creating long-term sustainable value for Shareholders. In recognition of its importance, in May 2013 the Board of Directors adopted a policy to promote equity ownership in the Corporation and established minimum equity ownership levels for executives as follows: i) President and Chief Executive Officer, three (3X) times base salary; and ii) all other executives at the Senior-Vice President level or higher, one (1X) times base salary. New executives have five years following commencement of employment to achieve the ownership level, and it is anticipated that the Corporation's LTIP Awards received in connection with annual compensation will greatly assist executives in reaching such levels;
2. *Performance Sensitive* – Compensation earned by executive officers should directly correlate to the operating performance of the Corporation and to the performance of executive officers on an individual-basis; and
3. *Offer Competitive Compensation to Attract and Retain Executives* – We are dedicated to providing market competitive pay relative to comparable companies involved in retail business operations in order to attract new executives, and retain and develop current executives who perform effectively in their role.

The key objectives of our program for our executive officers were developed based on the above-mentioned compensation philosophy and are as follows:

- Attract and retain high calibre executives who are able to create value in a competitive economic environment;
- Align the interests of executive officers with the interests of Shareholders;

- Evaluate executive performance using strategic corporate objectives and goals;
- Reward executives for demonstrating leadership and the execution of business plans; and
- Target overall total compensation package for executive officers at the 50th percentile of comparable public companies for target performance with the opportunity to realize above target compensation for superior performance and below target compensation for weak performance.

The Compensation Committee regularly reviews publicly-available data related to compensation levels and programs of numerous issuers that are either similar in size to the Corporation or operate within various sectors of the Canadian retail industry. Historically, the Committee has engaged an independent executive compensation consultant to analyze proxy materials and other publicly-available information to assist the Committee in developing a peer group for the purposes of assessing executive compensation.

In connection with the foregoing, the following ten companies were determined to be Liquor Stores' peer group: North West Company Inc., AutoCanada Inc., Reitmans Canada Ltd., Indigo Books & Music Inc., BMTC Group Inc., Leon's Furniture Ltd., Glentel Inc., Le Chateau Inc., Andrew Peller Limited and Corby Distilleries Limited. Members of our peer group were chosen for the following reasons:

- Publicly-traded companies headquartered in Canada;
- Businesses fall within the segmented industry categories of either "consumer discretionary" or "consumer staples" goods; and
- Annual revenues of between 1/3x to 3x the annual revenues of the Corporation.

In October of 2014, we revised our peer group using the following selection criteria:

- Achieving a mix of publically traded Canadian and US companies with leadership reflecting that desired by the Corporation;
- Primary business operations in Canada or the United States;
- Businesses fall within the segmented industry categories of either "consumer discretionary" or "consumer staples" goods;
- Annual revenues of between 1/2x to 2x the annual revenues of the Corporation; and
- Having a market capitalization of approximately 2x or less than that of the Corporation.

Using the above criteria, the following twelve companies were determined to be our peer group: Big 5 Sporting Goods Corp., Andrew Peller Limited, BMTC Group Inc., Christopher & Banks Corporation, Fairway Group Holdings Corp., Gordmans Stores, Inc., Haverly Furniture Companies Inc., Indigo Books & Music Inc., Reitmans Canada Ltd., Shoe Carnival Inc., Sportsman's Warehouse Holdings, Inc. and West Marine, Inc.

RISK MITIGATION

The Corporation and the Board of Directors recognize that certain compensation programs could promote unintended behaviours that may, in certain circumstances, be misaligned with the Shareholders' interests. Such behaviours could be problematic at any level of the organization; however, they could potentially have a greater impact on the entire organization if exhibited by executive officers of the Corporation. The Corporation seeks to ensure, through the structure of its compensation programs, that executive actions and decisions align with the interests of the Corporation and its Shareholders.

Certain elements of the Corporation's risk mitigation are embedded in its compensation processes and executive compensation design, including the following:

Process Elements

- The Compensation Committee plays a key role in assessing behavioural risk mitigation by reviewing our compensation program design, approving compensation awards and analyzing market data annually to ensure that our compensation structure incentivizes the intended behaviours. Members of the Committee (often with all directors present) meet at least once per year to review both executive compensation and human resources issues generally.
- Employment by the Compensation Committee of third party consultants (Hugessen and Pinch) to review our executive compensation programs adds additional third-party objectiveness and independent information.
- A regular informal internal review of proxy materials and compensation survey data analysis identifies whether our compensation programs are deviating significantly from current market practices.
- Other than Chief Executive Officer (who makes recommendations to the Compensation Committee with respect to the compensation of NEOs, save for himself) no member of executive management is materially involved in the compensation decision-making process.

Compensation Design Elements

- A material portion of each executive officer's compensation package is comprised of an "at risk" element in the form of a short and long-term incentive awards in the form of cash bonuses and Incentive Awards under the Corporation's Incentive Award Plan. This "at risk" compensation aligns executive officer and Shareholder interests by discouraging decisions that are not in the long-term interests of the Corporation.
- Pursuant to our internal policies respecting trading in the Corporation's securities, directors and executive officers are not permitted to purchase financial instruments (including, for greater certainty, puts, options, calls, prepaid variable forward contracts, equity swaps, collars or units of exchange funds) that are designed to hedge or offset a change in the market value of Common Shares or other securities of the Corporation held by a director or an executive officer.

EXECUTIVE COMPENSATION COMPONENTS

Guided by the aforementioned philosophy and objectives (and taking into account the process and design elements cited above) the 2014 eligible compensation for our core executive team was comprised of the following three (3) components: i) base salary; ii) a variable short-term cash incentive (the “**STIP Award**”); and iii) a long-term incentive award made pursuant to the Incentive Award Plan (the “**LTIP Award**”). The Board of Directors does not anticipate making any material changes to the executive compensation structure in 2015.

Generally speaking, descriptions of the key attributes of the components of compensation for NEOs are as outlined below:

Base Salary – Base salaries are compensation for discharging position responsibilities and generally reflect the level of skills, expertise, and capabilities the executive demonstrates in executing his duties. The Compensation Committee and the Board of Directors review and approve the salaries of the NEOs on an annual basis. The base salary review (and any salary adjustments arising therefrom) for each NEO is based on numerous factors, including current market competitive conditions, compensation levels of comparative corporate peers, individual effectiveness, and anticipated performance of the NEO. During this process comparative data from our peer group is considered and analyzed. As noted above, one of the key objectives of our compensation program is that the base salary for NEOs be in the 50th percentile of comparable public companies. In determining the base salaries for all NEOs save for the President and Chief Executive Officer, the Compensation Committee considers recommendations as presented by the President and Chief Executive Officer.

STIP Award – To motivate executives to achieve short-term corporate and personal goals, each executive employment agreement contains provisions for an annual STIP Award in the form of a cash bonus. 2014 NEO STIP Awards were targeted by the Compensation Committee to be 75% of base salary for the President and Chief Executive Officer, 50% of base salary for the position of Executive Vice President, and 40% of base salary for the positions of Senior Vice Presidents. NEOs have the ability to earn up to two times (2x) their target STIP Award in the event the Corporation exceeds its targets.

The Board of Directors, in consultation with the Compensation Committee and the President and Chief Executive Officer, set certain individual and corporate performance objectives at the beginning of the year as a basis for the STIP Award. In 2014, these STIP Award objectives included:

- Achievement of key financial targets (75% weighting); and
- Achievement of certain corporate strategic targets (25% weighting)

Following the end of the fiscal year, the President and Chief Executive Officer presents the Compensation Committee with an assessment of overall job performance and an opinion as to the attainment of the STIP performance objectives for all NEOs. Although the Compensation Committee and Board take into account these assessments and recommendations, the determination as to whether an identifiable

target has been met is ultimately made by the Board of Directors, and the Board reserves the right to make positive or negative adjustments to any STIP payment if they consider them to be appropriate.

Financial Targets

In 2014 the key financial targets were related to same-store sales growth, gross margin return on investment, and EBITDA. The Corporation recognizes that same-store sales growth, gross margin return on investment, and EBITDA do not have a standardized meanings as prescribed by *International Financial Reporting Standards* (“*IFRS*”). For the purposes of NEO compensation these measures are calculated as follows:

- Same-store sales include sales for stores that have been open 12 full months at the beginning of the reporting period. This is one of the key metrics that we use to assess our performance and provides a useful comparison between periods. Same-store sales exclude: (i) all sales to wholesale customers, (ii) stores where same-store sales have been negatively impacted due to sales being shifted to closely-located convenience-focused stores we’ve opened in the last 12 full months, and (iii) stores where same-store sales have increased due to the closure of closely-located stores in the last 12 full months.
- Gross Margin Return on Investment is determined by dividing the gross margin recorded in the reporting period by the average inventory cost over the course of the reporting period.
- EBITDA is calculated as the net income of the Corporation plus the following: interest expense, provision for income taxes, any portion of expense in respect of non-cash items, depreciation, amortization, deferred taxes, certain extraordinary and non-recurring losses, certain adjusting items, goodwill write-downs, and other restructuring changes for store closures”. EBITDA is also less any non-recurring extraordinary or one-time gains from any capital asset sales or foreign currency transactions.

Although achievement of these financial targets constitutes a significant component of the STIP objectives for each executive NEO, Liquor Stores does not disclose the specific targets because it believes doing so would seriously prejudice our interests in the retail markets in which the Corporation operates (as these targets constitute strategic confidential information). The setting of these financial performance metrics are a critical component of Liquor Stores’ confidential business planning and budgeting process that generally covers periods in excess of one financial year, so that even historical targets have the potential to reveal key components of our longer term objectives. In 2014, the minimum financial targets were met and consequently the NEOs received a STIP Award for the portion of their STIP Award attributable to these targets. The STIP Award performance objectives were consistent for all NEOs in 2014, however the measurement period varied depending on whether the NEO was employed at the beginning of 2014 or joined the Corporation during 2014 and therefore this has resulted in different targets achieved for each NEO.

Corporate Strategic Targets

The corporate strategic targets that were set for each NEO align with the Corporation’s Seven-Point Plan, which is summarized below along with progress made in respect of such targets.

Business Strategy	Targets for 2014	2014 Achievement Against the Targets
1. ENHANCE THE SENIOR LEADERSHIP TEAM		
<p>Drive sales and further improve profitability of the current business, and further position the Corporation for growth in new markets by hiring certain key executives with deep retail experience in both Canada and the United States.</p>	<p>Hire five new members of senior management to be hired in 2014 who come from leading Canadian or U.S. companies to complement our Merchandising, Human Resources, Information Technology, Store Operations, and Marketing teams.</p>	<p>Status: Completed</p> <p>We have successfully recruited five individuals, each of whom brings highly specialized retail expertise to our business, and provides senior leadership for our Human Resources, Information Technology, Marketing, Merchandising, and Operations teams.</p> <p>Working out of our corporate headquarters in Edmonton, and from our new U.S. offices in Louisville, Kentucky, these individuals are now leading the implementation of refined business processes, systems and strategies to optimize and scale Liquor Stores’ existing platform and support the future growth of our enterprise in our existing markets and new markets, primarily in the United States.</p> <p>We have also recently added three new Directors to the Corporation’s Board, all of whom have deep retail experience in both the United States and Canada.</p>
2. INVEST IN OUR PEOPLE		
<p>Attract more customers to existing locations and increase sales per customer by improving our customer service. Our investments will include enhancing our hiring and retention strategies, the introduction of industry leading training programs, implementing competitive store level compensation and benefit programs, and a focus on providing our employees with career and performance management.</p>	<p>Implement a formal training program called ‘Liquor Stores University’ for our store associates and use this as the mechanism to deliver training programs for sales, product knowledge and operations.</p> <p>Enhance the sales training program that was piloted in 2013 and deliver the program to 25% of our store managers in 2014.</p>	<p>Status: Completed</p> <p>During 2014, we developed training materials, hired the appropriate complement of training staff, and formally launched Liquor Stores University in Q3 2014.</p> <p>The first phase of the sales training program pilot, launched in the latter half of 2013 and completed in 2014, was primarily focused on training associates in our large-format/destination stores. The second phase of our pilot for our sales training program, focused on our convenience-focused stores, was launched in 2014.</p> <p>We exceeded our goal as training was delivered to over 90% of our store managers by the end of 2014.</p>
3. IMPLEMENT AN INDUSTRY LEADING INFORMATION TECHNOLOGY PLATFORM		
<p>Build on our competitive position by implementing a new enterprise resource planning (“ERP”) system that will drive new efficiencies into our organization, provide enhanced visibility into business operations that will drive down costs, and provide a scalable growth platform that will allow us to grow organically and smoothly integrate newly acquired business.</p>	<p>Achieve significant milestones in the implementation of the Corporation’s new ERP system with little or no impact on customers. Milestones include selecting a new ERP system through a competitive proposal process by early Q2 2014 and completing the planning phase of the implementation process by the end of 2014. We are targeting early to mid-2016 for the selected ERP system to be fully implemented.</p>	<p>Status: In Progress</p> <p>In 2014, we selected a new ERP system and an implementation partner through a competitive proposal process. In February 2015, we initiated our design and planning phase, which we aim to complete by late-2015, with the core implementation expected by late 2016.</p>

Business Strategy	Targets for 2014	2014 Achievement Against the Targets
4. INVEST IN OUR STORE NETWORK		
<p>Attract more customers to existing locations and increase sales per customer through renovating and refreshing our existing stores, and by implementing a consistent store layout and design across our network to further enhance our brand with our customers.</p>	<p>Renovate/refresh 5% of our existing stores in 2014.</p>	<p>Status: Completed</p> <p>The Corporation renovated 5% of our existing stores during 2014.</p>
5. INCREASE BRAND AWARENESS AND LOYALTY		
<p>Increase our brand awareness and customer loyalty through investment in our store network, our marketing strategy, our digital marketing initiatives, and our brand advertising and public relations efforts.</p>	<p>Implement a customer relationship management strategy and start directly communicating through social media, direct email, etc. with our customers by mid-2014.</p> <p>Evaluate new marketing channels in addition to the current flyer circulation program.</p> <p>Increase selection and promotion of private label and control brands that customers enjoy and will only find in our stores.</p>	<p>Status: Completed</p> <p>In the first half of 2014, we launched a digital marketing program called the “<i>Celebration Club</i>” across all regions.</p> <p>In 2014, we have decreased the number of weeks that we distributed flyers and redirected our marketing spend to other marketing avenues including: radio, social media, digital, and local newspapers that we believe better target our customer demographics. We launched our first television commercials in early 2015, which are airing during the Edmonton Oilers hockey games for the remainder of 2014-2015 season.</p> <p>Our merchants have been focused on sourcing exclusive and control brands from our suppliers. We introduced a selection of new items in the fall of 2014 and provided all of our store managers with training on how to merchandise and sell these items.</p>
6. INCREASE OPERATING MARGINS		
<p>Improve our operating margins by leveraging our fixed occupancy costs and scalable infrastructure.</p>	<p>Complete the development and implementation of a comprehensive category review to improve the competitiveness, profitability and relevance of individual categories (i.e. beer, wine, spirits, specialty).</p> <p>Initiate a formalized program to evaluate product assortment by store and improve adherence to product assortment plans, with the objective of ensuring we have sufficient inventory quantities of products in high demand and to continue to improve our inventory turns.</p> <p>Continue to grow our control/exclusive brands across all regions as a percentage of their respective categories.</p>	<p>Status: Completed</p> <p>We reviewed our categories in all regions to improve competitiveness, profitability and relevance of individual categories, and are assessing various options to formalize product assortment plans. We have also implemented new operational processes to decrease in-store out-of-stocks on high volume, promotional and exclusive brands.</p> <p>We are currently implementing product assortment plans into all new and renovated stores, and into a selection of our existing stores.</p> <p>Our merchants have been focused on sourcing exclusive and control brands from our suppliers. We have introduced a selection of new items in the fall of 2014 and have provided all of our store managers with training on how to merchandise and sell these items.</p>

Business Strategy

Targets for 2014

2014 Achievement Against the Targets

7. PURSUE EXPANSION

Strategically expand our business in existing markets in Canada and the United States, and into select new markets in the United States over the next several years. We believe that brand positioning and emphasis on in-store experience for our customers will have a strong appeal.

Targeting a 2% to 3% organic store growth rate per year for the next two to three years.

Strategically invest in new square footage in our existing regions as a result of population growth and, in the case of Kentucky, capitalize on opportunities resulting from certain counties going from 'dry' to 'wet'. The Corporation continually explores opportunities to develop and/or acquire stores in Alberta, British Columbia and the United States where regulatory regimes permit private liquor stores. Management will continue to evaluate and assess potential store development and store acquisition opportunities for their ability to add accretive cash flow and shareholder value.

Developing new destination-focused/large-format stores in our current regions to complement our existing convenience-focused store network and expand market share.

Sourcing opportunities to expand geographically through new store development and/or acquisitions to capitalize on opportunities in new regions and to reduce the concentration risk of any particular region. Based on a proven track record of success, the Corporation anticipates it will invest significantly in large-format expansion in both Canada and the United States.

Status: **Completed for 2014**

In 2014 we opened seven new stores or 2.9% of our store count as at the end of the prior year (Alberta: five stores; Alaska: one store; Kentucky: one store).

The table below provides details on each NEO's 2014 STIP Award performance period, achievement of targets as determined by the Compensation Committee and the Board, and payout.

Performance Objectives	NEO	Performance Period	% of Target STIP Achieved	Total Payout (\$)
<ul style="list-style-type: none"> Achieve same-store sales, GMROI, and EBITDA target Achieve the above noted corporate strategic targets 	Stephen Bebis	Full Year	53	323,324
	David Gordey	Full Year	53	42,043
	Steve Rop	Q2 to Q4 2015	136	127,850
	Erika Cobb	Q2 to Q4 2015	136	129,554
	Pat de Grace ⁽¹⁾	N/A	N/A	N/A
	Craig D. Corbett ⁽²⁾	Full Year	–	–

⁽¹⁾ Mr. de Grace ceased employment with the Corporation on April 8, 2014 and therefore was not eligible for a 2014 STIP award.

⁽²⁾ Mr. Corbett did not receive a STIP payment for 2014 as he ceased employment with the Corporation on January 20, 2015, which was prior to the determination and approval of the final STIP award by the Board.

LTIP Award – In addition to base-salary and STIP, the Board of Directors has the further flexibility to add to overall total compensation of its NEOs through the use of an LTIP Award in the form of Restricted Awards and/or Performance Awards made pursuant to the Incentive Award Plan (see “Incentive Plan Awards – Incentive Award Plan” below). LTIP Awards are granted solely on the basis of Board of Director discretion as a percentage of each NEOs base salary. The below excludes the One-Time Performance Awards granted to the NEOs.

NEO	2014 Target (% of Base Salary)	2014 Actual (% of Base Salary)	2015 Target (% of Base Salary)
Stephen Bebis	100%	100%	100%
David Gordey ⁽¹⁾	40%	23%	40%
Steve Rop ⁽²⁾	N/A	N/A	40%
Erika Cobb ⁽²⁾	N/A	N/A	40%
Pat de Grace ⁽³⁾	40%	N/A	N/A
Craig Corbett	50%	19%	N/A

(1) Mr. Gordey assumed the role of Senior Vice President and Chief Financial Officer on April 9, 2014 and previous to that served as the Corporation's Vice President, Finance. Mr. Gordey was eligible for a prorated targeted LTIP Award in 2014 as he was not in the role of Senior Vice President and Chief Financial Officer role for the entire year.

(2) Ms. Cobb commenced employment with the Corporation effective February 24, 2014 and Mr. Rop commenced employment with the Corporation effective March 31, 2014 and therefore they were not eligible to receive an LTIP award in 2014. Mr. Rop and Ms. Cobb both received signing bonuses of Restricted Awards when they commenced employment with the Corporation – these awards were made to offset a portion of the value they forfeited with their previous employers. These signing bonuses of Restricted Awards have been excluded above, but are detailed in the Summary Compensation Table.

(3) Mr. de Grace ceased employment with the Corporation on April 8, 2014 and therefore was not eligible for a 2014 LTIP award.

Mix of LTIP Award

For 2014, Mr. Bebis, Mr. Gordey, and Mr. Corbett received an annual grant of LTIP Award in the form of 100% Restricted Awards.

The NEOs also received a One-Time Performance Award, as discussed earlier in this document, in addition to the annual LTIP Awards granted during the year.

Mr. Rop and Ms. Cobb received signing bonuses of Restricted Awards with a value of \$137,262 and \$76,867, respectively. These awards vest equally on each of the first three anniversaries from the date of grant. All signing bonuses were made to offset a portion of the value Mr. Rop and Ms. Cobb forfeited with their previous employers, respectively.

Performance Awards

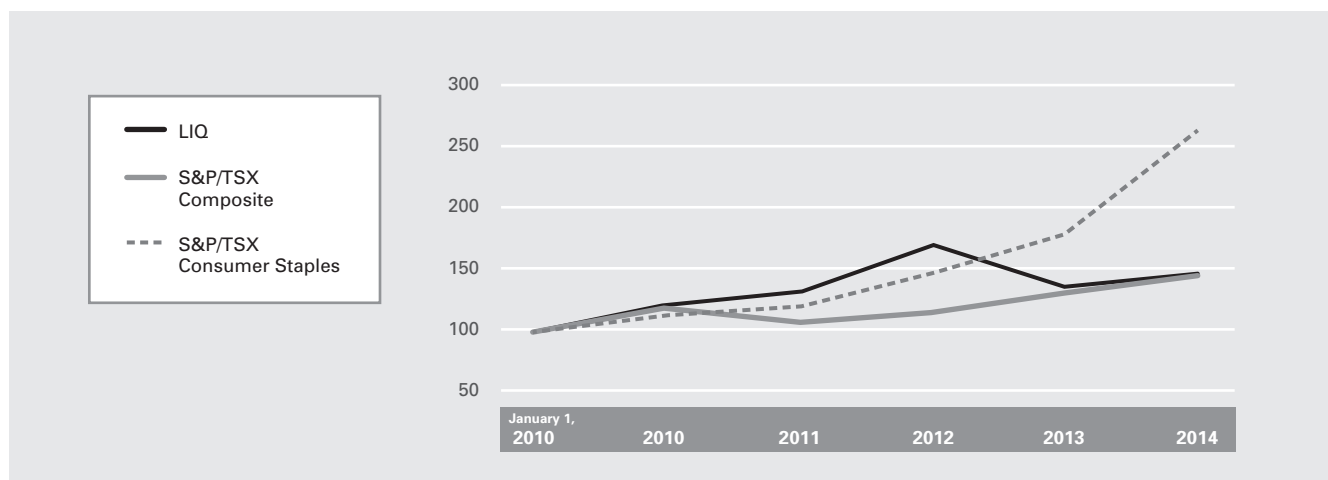
No regular annual Performance Awards were issued during 2014. As discussed earlier in this document, a One-Time Performance Award was granted in the year. However, annual Performance Awards have been issued in 2015. In addition to a time vesting requirement for the 2015 Performance Awards, pre-established total relative shareholder return (“TSR”) performance targets are required to be met to become vested. The TSR is determined relative to the performance of (i) a custom group of peer companies with similar operations in Canada and the United States and (ii) a custom group of high-yield companies that are publicly listed on the Toronto Stock Exchange. The payout multiplier ranges from 0.0x to 2.0x depending upon the relative TSR performance. Relative performance is measured based on an equal weighting of each performance group over multiple performance measurement periods as summarized below:

% of the Performance Award	Vest	Performance Measure
20%	1 st Anniversary Date	Relative TSR over a 1 year period from grant date to the 1 st anniversary date
20%	2 nd Anniversary Date	Relative TSR over a 1 year period from the 1 st anniversary date to the 2 nd anniversary date
20%	3 rd Anniversary Date	Relative TSR over a 1 year period from the 2 nd anniversary date to the 3 rd anniversary date
40%	3 rd Anniversary Date	Relative TSR over a 3 year period from grant date to the 3 rd anniversary date

The plan has been designed to align executive and shareholder interests in long-term share value performance.

Performance Graph

The Common Shares of the Corporation trade on the Toronto Stock Exchange (the “TSX”). The following chart compares the cumulative total shareholder return, assuming the reinvestment of dividends (or distributions in the case of the Fund), for the five year period from January 1, 2010 to December 31, 2014 for \$100 invested in the trust units of the Fund effective January 1, 2010, with the cumulative total return from the S&P/TSX Consumer Staples Index and the S&P/TSX Composite Index:



Performance Graph Values

	Base Period January 1, 2010	2010	2011	2012	2013	December 31, 2014
Liquor Stores N.A. Ltd. (Total Return)	\$ 100.00	\$ 121.02	\$ 128.90	\$ 168.70	\$ 136.63	\$ 149.30
S&P/TSX Composite Index	\$ 100.00	\$ 117.61	\$ 107.36	\$ 115.08	\$ 130.03	\$ 143.75
S&P/TSX Consumer Staples Index	\$ 100.00	\$ 110.28	\$ 117.74	\$ 144.33	\$ 178.37	\$ 265.89

No specific material relationship exists between executive compensation and the cumulative total Shareholder return over the time period represented by the foregoing performance graph. This arises as a result of several factors: i) the Corporation is of the view that during its period as an income trust (prior to the Reorganization), the market price of the Fund’s trust units during the period illustrated had, at times, been materially affected by extraneous factors and as such did not appropriately track to the performance of the Fund or its management team during such period; ii) the market price of the Corporation’s common shares has not in the past been utilized as a benchmark for executive compensation; iii) the executive officers of the Corporation were awarded equity-based awards by the Board of Directors in 2011, 2013 and 2014 pursuant to our long-term incentive

plans (and as such the value of these securities fluctuated along with the market price of the Common Shares). Despite there not being a specific material relationship between executive compensation and cumulative total Shareholder return, during this period the aggregate amount of compensation paid to the Corporation’s NEOs increased by a cumulative 96.52% while total Shareholder return during this period was a cumulative 49.30%. This calculation includes adjustments made to exclude ‘All Other Compensation’ paid to certain executives as a result of their departures from the Corporation and the grants of restricted awards issued as a signing bonus and the One-Time Performance Awards issued in 2014. Further, there have been significant changes to the executive team in the previous one to two years.

Summary Compensation Table

The following table sets forth information concerning the compensation paid to the Named Executive Officers during the last three completed financial years.

Name and Principal Position	Year	Salary (\$)	Non-Equity Incentive Plan Compensation				Pension Value (\$)	All Other Compensation ⁽¹¹⁾ (\$)	Total Compensation (\$)
			Share-Based Awards ⁽⁸⁾⁽⁹⁾ (\$)	Option-Based Awards (\$)	Annual Incentive Plans ⁽¹⁰⁾ (\$)	Long-Term Incentive Plans (\$)			
Stephen Bebis ⁽¹⁾⁽²⁾ President and Chief Executive Officer	2014	717,903	1,216,584	–	323,324	–	124,786	2,382,597	
	2013	442,964	650,000	–	354,947	–	75,504	1,523,415	
David Gordey ⁽³⁾ Senior Vice President and Chief Financial Officer	2014	215,168	194,000	–	42,043	–	–	451,211	
	2013	170,000	–	–	38,675	–	–	208,675	
	2012	111,539	25,000	–	33,000	–	–	169,539	
Steve Rop ⁽²⁾⁽⁴⁾ Senior Vice President, Operations and Logistics	2014	208,790	307,272	–	127,850	–	–	643,912	
Erika Cobb ⁽²⁾⁽⁵⁾ Senior Vice President, Information Technology	2014	211,573	233,276	–	129,554	–	–	574,403	
Craig Corbett ⁽⁶⁾ Former Executive Vice President, Business Development, General Counsel, and Corporate Secretary	2014	257,500	243,125	–	–	–	–	500,625	
	2013	250,000	–	–	40,000	–	–	290,000	
	2012	211,000	52,750	–	105,500	–	–	369,250	
Patrick J. de Grace ⁽⁷⁾ Former Senior Vice President and Chief Financial Officer	2014	79,726	–	–	–	–	601,734	681,460	
	2013	300,000	–	–	39,000	–	–	339,000	
	2012	283,000	35,375	–	70,750	–	–	389,125	

(1) Effective May 7, 2013, Mr. Bebis became President and Chief Executive Officer of the Corporation with an annual salary of \$650,000 USD. His annual salary remained unchanged in 2014. Mr. Bebis received no additional compensation for his role as a member of the Board of Directors. Upon his hire on May 7, 2013, Mr. Bebis received a signing bonus of Restricted Awards with a grant date value equal to \$650,000. The signing bonus was awarded to offset a portion of the value he forfeited with his previous employer.

(2) Mr. Bebis', Mr. Rop's and Ms. Cobb's compensation is paid in U.S. dollars, which amounts have been converted to Canadian dollars for the purposes of this Information Circular using the foreign exchange rate in effect on the date of payment or on the grant date for share-based payments.

(3) Mr. Gordey joined the Corporation as Vice President, Finance on March 26, 2012. Mr. Gordey was appointed Senior Vice President and Chief Financial Officer on April 8, 2014.

(4) Effective March 31, 2014, Mr. Rop became Senior Vice President, Operations and Logistics with an annual salary of \$250,000 USD. Upon his hire on March 31, 2014, Mr. Rop received a signing bonus of Restricted Awards with a grant date value equal to \$137,267. The signing bonus was awarded to offset a portion of the value he forfeited with his previous employer.

(5) Effective February 24, 2014, Ms. Cobb became Senior Vice President, Information Technology with an annual salary of \$230,000 USD. Upon her hire on February 24, 2014, Ms. Cobb received a signing bonus of Restricted Awards with a grant date value equal to \$76,867. The signing bonus was awarded to offset a portion of the value she forfeited with her previous employer.

(6) Mr. Corbett ceased employment with the Corporation on January 20, 2015.

(7) Mr. de Grace ceased employment with the Corporation on April 8, 2014. In connection with Mr. de Grace's cessation of employment he received a retirement allowance in the amount of \$601,734, which amount was determined based upon, among other things, Mr. de Grace's average total annual remuneration over the preceding three years.

(8) Amounts are based on the grant date fair value of the Restricted Awards and Performance Awards issued to the applicable NEOs pursuant to our Incentive Award Plan, which were calculated by multiplying the number of Restricted Awards and Performance Awards granted to the applicable NEO by the weighted average closing price of the Common Shares on the TSX for the five trading days immediately preceding the grant date.

(9) On November 17, 2014, Mr. Bebis, Mr. Gordey, Mr. Rop, Ms. Cobb, and Mr. Corbett each received a One-Time Performance Award. For further details of this award, see "Grant of One-Time Performance Awards To Certain Officers" earlier in this document. The target award value for the One-Time Performance Award has been included in Share-Based Awards for 2014.

(10) Amounts represent annual discretionary cash bonuses paid to the NEOs. See "Compensation Discussion & Analysis – Executive Compensation Components" earlier in this document.

(11) With the exception of the amounts paid to Mr. de Grace upon his resignation and in the case of Mr. Bebis (related to a living and automobile allowance), the value of perquisites received by each of the Named Executive Officers, including property or other personal benefits provided to the Named Executive Officers that are not generally available to all employees, were not in the aggregate greater than \$50,000 or 10% of the Named Executive Officer's total salary for each financial year disclosed above.

INCENTIVE PLAN AWARDS

SHARE OPTION PLAN

The Corporation has a stock option plan (the “SOP”), although no awards have been made under the SOP since 2011. A copy of the SOP is available upon request by contacting the Senior Vice President and Chief Financial Officer of the Corporation. The SOP is intended to aid in attracting, retaining and motivating directors, officers, employees and other eligible service providers of the Corporation and its subsidiaries (a “Service Provider”), and to provide such persons with an incentive to continue in the long-term service of the Corporation and its subsidiaries, and to create in such persons a direct interest in the future success of the operations of the Corporation and its subsidiaries by tying incentive compensation to increases in the value of the Common Shares of the Corporation. The following is a summary of the key features of the SOP:

- Under the SOP, the maximum number of the Common Shares issuable on exercise of outstanding options at any time is limited to 10% of the issued and outstanding Common Shares, less the number of Common Shares issuable pursuant to all other security based compensation arrangements of the Corporation. Any increase in the issued and outstanding Common Shares will result in an increase in the number of the Common Shares that may be issued on exercise of options outstanding at any time and any exercise of options makes new grants available under the SOP.
- Options that are cancelled, terminated or expire prior to the exercise thereof shall result in the Common Shares that were reserved for issuance thereunder being available for a subsequent grant of options pursuant to the SOP.
- Options granted pursuant to the SOP will have a term not exceeding five years and vest in such manner as determined by the Board, provided if no such determination is made at the time of grant, the Options shall vest as to one-third on each of the first, second and third anniversaries of the date of grant. Under the SOP, the Board may at any time, at its sole discretion, accelerate or provide for the acceleration of vesting of options previously granted. Options granted under the SOP are non-assignable. The exercise price of options granted will be determined by the Board at the time of grant, provided that in no event shall the exercise price be less than the last closing price of the Common Shares on the TSX preceding the time of grant.
- Under the SOP, the number of the Common Shares reserved for issuance to any one optionee may not exceed 5% of the issued and outstanding Common Shares. In addition, the number of the Common Shares under all security based compensation arrangements of the Corporation: (i) issuable to insiders at any time shall not exceed 10% of the issued and outstanding Common Shares; and (ii) issued to insiders within any one year period shall not exceed 10% of the issued and outstanding Common Shares. Also, the maximum number of Common Shares issuable on exercise of options outstanding at any time held by directors of the Corporation who are not officers or employees of the Corporation is limited to 1.0% of the issued and outstanding Common Shares.
- In case of death of an optionee, options terminate on the date determined by the Board which may not be more than 12 months from the date of death. If the optionee shall no longer be a director or officer of or be in the employ of, or a consultant or other Service Provider to, the Corporation or any of its subsidiaries (other than by reason of death or termination for cause), his or her options terminate on the expiry of a period not in excess of six months as determined by the Board at the time of grant. In the event an optionee is terminated for cause, his or her options shall terminate immediately. The number of Common Shares that an optionee (or his or her heirs or successors) is entitled to purchase until such date of termination: (i) shall in the case of death of the optionee, be all of the Common Shares that may be acquired on exercise of the options held by such optionee (or his or her heirs or successors) whether or not previously vested and the vesting of all such options shall be accelerated on the date of death for such purpose; and (ii) in any case other than death or termination for cause, shall be the number of Common Shares which the optionee was entitled to purchase on the date the optionee ceased to be a Service Provider.
- Subject to the provisions of the SOP, in the event of a “change of control” (as defined in the SOP) all issued and outstanding options become exercisable (whether or not they are vested) immediately prior to the time such change of control takes place and terminate on the 90th day after the occurrence of the change of control or at such earlier time as may be established by the Board before the change of control takes place. A “change of control” includes: (i) a successful takeover bid pursuant to which the offeror would as a result of such takeover bid beneficially own, directly or indirectly, in excess of 50% of the outstanding Common Shares; (ii) an acquisition of ownership or control of more than 30% of the outstanding voting securities of the Corporation together with a change in the majority of the Board, (iii) the winding-up of the Corporation or the sale of all or substantially all of the assets of the Corporation, and (iv) any determination by a majority of the Board that a change of control has occurred or is about to occur.
- In the event: (i) of any change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; (ii) that any rights are granted to Shareholders to purchase Common Shares at prices substantially below the then five-day weighted average trading price of the Common Shares on the TSX; or (iii) that, as a result of any recapitalization, merger, consolidation or other transaction, the Common Shares are converted into or exchangeable for any other securities, then the Board may make such adjustments to the SOP and to any outstanding options as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to an optionee.
- Except if not permitted by the TSX, if any options may not be exercised due to any Black-Out Period at any time within the three business day period prior to the normal expiry date of such options (the “Restricted Options”), the expiry date of all Restricted Options shall be extended for a period of seven business days following the end of the Black-Out Period (or such longer period as permitted by the TSX and approved by the Board). A “Black-Out Period” means

the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of an option.

- An optionee may, under the terms of the SOP, make an offer (the “**Surrender Offer**”) to the Corporation, at any time, for the disposition and surrender by the optionee to the Corporation (and the termination thereof) of any options for an amount (not to exceed the weighted average trading price of the Common Shares on the TSX for the five consecutive trading days immediately preceding the date of such offer less the exercise price of the options) specified in the Surrender Offer and the Corporation may, but is not obligated to, accept the Surrender Offer, subject to any required regulatory approval.
- The Board may amend or discontinue the SOP at any time without the consent of a holder of options, provided that such amendment shall not alter or impair any options previously granted under the SOP (except as otherwise permitted under the SOP). In addition, the Board may, by resolution, amend the SOP and any options granted under it without Shareholder approval other than:
 - (i) to increase the maximum number of Common Shares issuable pursuant to the SOP; (ii) to reduce the exercise price of an option held by an insider; (iii) to extend the term of an option held by an insider; or (iv) in any other circumstances where TSX and Shareholder approval is required by the TSX.

In March 2011, the Board of Directors granted 675,000 options pursuant to the SOP to certain employees of the Corporation (including NEOs) as a component of their compensation for the 2011 fiscal year. The Board of Directors did not issue any options pursuant to the SOP in 2012, 2013 or 2014. As of the date of this Information Circular there are 55,500 options outstanding. The Board of Directors does not have a current intention of issuing any options in 2015.

INCENTIVE AWARD PLAN

The principal purposes of the Incentive Award Plan are: (i) to retain and attract qualified Service Providers that the Corporation and its affiliates require; (ii) to promote a proprietary interest in the Corporation by such Service Providers and to encourage such persons to remain in the employ or service of the Corporation and its affiliates and put forth maximum efforts for the success of the business of the Corporation and its affiliates; and (iii) to focus management of the Corporation and its affiliates on operating and financial performance and the growth and profitability of the Corporation.

Incentive-based compensation such as the Incentive Award Plan is an integral component of compensation for Service Providers. The attraction and retention of qualified Service Providers has been identified as one of the key risks to our long-term strategic growth plan. The Incentive Award Plan is intended to maintain our competitiveness to facilitate the achievement of its long-term goals. In addition, this incentive-based compensation is intended to reward Service Providers for

meeting certain pre-defined operational and financial goals which have been identified for increasing long-term total shareholder return.

See “Statement of Executive Compensation – Compensation Discussion and Analysis”.

Overview

Under the terms of the Incentive Award Plan (“**IAP**”), any Service Provider may be granted Restricted Awards or Performance Awards (collectively, “**Incentive Awards**”). In determining the Service Providers to whom Incentive Awards may be granted (“**Grantees**”) under the Incentive Award Plan, the number of the Common Shares to be covered by each Incentive Award and the allocation of the Incentive Award between Restricted Awards and Performance Awards, the Compensation Committee may take into account such factors as it shall determine in its sole discretion, including any one or more of the following factors:

- a) compensation data for comparable benchmark positions among the Peer Comparison Group or among other comparison groups;
- b) the duties, responsibilities, position and seniority of the Grantee;
- c) the Corporate Performance Measures for the applicable period compared with internally established performance measures approved by the Committee and/or similar performance measures of members of the Peer Comparison Group or among other comparison groups for such period;
- d) the individual contributions and potential contributions of the Grantee to the success of the Corporation;
- e) any bonus payments paid or to be paid to the Grantee in respect of his or her individual contributions and potential contributions to the success of the Corporation;
- f) the Fair Market Value or current market price of the Common Shares at the time of such Incentive Award;
- g) any Incentive Awards currently held by the Grantee; and
- h) such other factors as the Committee shall deem relevant in its sole discretion in connection with accomplishing the purposes of the Incentive Award Plan.

Restricted Awards

Subject to the terms and conditions of the Incentive Award Plan, Restricted Awards entitle the holder to an amount (the “**Restricted Award Value**”) equal to the number of Restricted Awards multiplied by the Fair Market Value of the Common Shares on the Restricted Award Payment Date, with the Fair Market Value being the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange (the “**TSX**”) for the five (5) trading days immediately preceding such date. Unless otherwise determined by the Committee, one-third of the aggregate Restricted Award Value shall be paid or settled on each of the first, second and third anniversary of the date of grant of the Restricted Awards (the “**Restricted Award Payment Dates**”).

Performance Awards

Subject to the terms and conditions of the Incentive Award Plan, Performance Awards entitle the holder to an amount (the “**Performance Award Value**”) equal to the number of Performance Awards, adjusted by the Payout Multiplier, and multiplied by the Fair Market Value of the Common Shares on the Performance Award Payment Date. Unless otherwise determined by the Compensation Committee, one-third of the aggregate Performance Award Value shall be paid or settled on each of the first, second and third anniversary of the date of grant of the Performance Awards (the “**Performance Award Payment Date**”).

The Payout Multiplier is determined by the Committee based on an assessment of the achievement of pre-defined Corporate Performance Measures in respect of the applicable period as determined by the Committee. Corporate Performance Measures may include: absolute or relative Total Shareholder Return; the market price of the Common Shares; the financial performance or results of the Corporation or a business unit or division thereof; other operational or performance criteria relating to the Corporation or a business unit or division thereof; activities related to the growth of the Corporation or a business unit or division thereof; the execution of our strategic plan; other performance criteria relating to the Grantee; and such additional measures as the Committee shall consider appropriate in the circumstances. The Payout Multiplier may not be less than 0% or more than 200% of the underlying number of Performance Awards granted.

Method of Payment of Award Value

On the payment date of an Incentive Award, the Corporation shall have the option of settling the Restricted Award Value or Performance Award Value, as the case may be, payable in respect of the Incentive Award by any of the following methods or by a combination of such methods:

- a) payment in cash
- b) delivering Common Shares issued from the treasury of the Corporation; or
- c) delivering Common Shares acquired by the Corporation or its agents on the TSX.

Dividends and Dividend Equivalents

The Incentive Award Plan provides for cumulative adjustments to the Incentive Awards to take into account the payment of Dividends on the underlying Common Shares. Unless otherwise determined by the Committee, immediately prior to a Payment Date the number of Incentive Awards to which such payment date applies will be adjusted by multiplying the Incentive Awards by the Adjustment Ratio, which shall initially be one, and shall be cumulatively adjusted thereafter on each Dividend Payment Date by increasing it by an amount equal to a fraction having as its numerator the amount of the Dividend per Common Share and having as its denominator the price, expressed as an amount per Common Share, paid by participants in the Corporation’s dividend reinvestment plan, if any, to reinvest their Dividends in additional Common Shares on the

applicable Dividend Payment Date, provided that if the Corporation has suspended the operation of such plan or does not have such a plan, then the Reinvestment Price shall be equal to the Fair Market Value of the Common Shares on the trading day immediately preceding the Dividend Payment Date.

In the case of a non-cash Dividend, including Common Shares or other securities or other property, the Corporation will, subject to any required approval of the TSX, determine whether or not such non-cash Dividend will be provided to the Incentive Award holder and, if so provided, the form in which it shall be provided.

Limitation on the Common Shares Reserved

The Incentive Award Plan provides that the maximum number of Common Shares reserved for issuance from time to time pursuant to Incentive Awards and pursuant to any other Security Based Compensation Arrangements of the Corporation shall not exceed 10% of the aggregate number of issued and outstanding Common Shares from time to time. For purposes of such calculation, it shall be assumed that all issued and outstanding Incentive Awards will be settled by the issuance of Common Shares from treasury, notwithstanding the Corporation’s right to settle the Award Value underlying the Incentive Awards in cash or by purchasing Common Shares on the open market.

Limitations on Incentive Awards

The aggregate number of Common Shares issuable to insiders at any time, or issued to insiders within any one year period, under all Security Based Compensation Arrangements of the Corporation, shall not exceed 10% of the issued and outstanding Common Shares. Incentive Awards may not be granted to Non-Management Directors.

Payment Dates

If (i) a Grantee is prohibited from trading in securities of the Corporation as a result of the imposition by the Corporation of a trading blackout (a “**Blackout Period**”), (ii) the Payment Date of an Incentive Award held by such Grantee falls within a Blackout Period, and (iii) the Corporation has determined to settle the Award Value in Common Shares, then the Payment Date of such Incentive Award shall be extended to the date that is ten business days following the end of such Blackout Period.

Change of Control

In the event a Grantee is terminated in connection with a Change of Control of the Corporation or gives notice that it elects to no longer be a Service Provider for Good Reason, unless otherwise determined by the Committee, the Payment Date(s) applicable to the Grantee’s Incentive Awards will be accelerated to the date of such termination or the date of such notice.

Early Termination Events

Pursuant to the Incentive Award Plan, unless otherwise determined by the Committee or unless otherwise provided in an Incentive Award Agreement pertaining to a particular Incentive Award or any written employment or consulting agreement governing a Grantee's role as a Service Provider, the following provisions shall apply in the event that a Grantee ceases to be a Service Provider:

- a) Death – If a Grantee ceases to be a Service Provider as a result of the Grantee's death, the Payment Date for all the Incentive Awards awarded to such Grantee shall be accelerated to the Cessation Date, provided that the President and Chief Executive Officer of the Corporation in the case of a Grantee who is not an officer, and the Committee in all other cases, taking into consideration the performance of such Grantee and the performance of the Corporation since the date of grant of the Incentive Award(s), may determine in its sole discretion the Payout Multiplier to be applied to any Performance Awards held by the Grantee.
- b) Termination for Cause – If a Grantee ceases to be a Service Provider as a result of termination for cause, effective as of the Cessation Date all outstanding Incentive Awards, whether Restricted Awards or Performance Awards, shall be immediately terminated and all rights thereunder shall be forfeited by the Grantee.
- c) Voluntary Resignation – If a Grantee ceases to be a Service Provider as a result of a voluntary resignation, effective as of the day that is fourteen (14) days after the Cessation Date, all outstanding Incentive Awards of such Grantee, whether Restricted Awards or Performance Awards, shall be terminated and all rights thereunder shall be forfeited by the Grantee.
- d) Other Termination – If a Grantee ceases to be a Service Provider for any reason other than as provided for in (a), (b) and (c) above, effective as of the date that is sixty (60) days after the Cessation Date and notwithstanding any other severance entitlements or entitlement to notice or compensation in lieu thereof, all outstanding Incentive Awards of such Grantee, whether Restricted Awards or Performance Awards, shall be terminated and all rights thereunder shall be forfeited by the Grantee.

Anti-dilution Adjustments

In the event: (i) of any change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; (ii) that any rights are granted to all Shareholders to purchase Common Shares at prices substantially below Fair Market Value; or (iii) that, as a result of any recapitalization, merger, consolidation or other transaction, the Common Shares are converted into or exchangeable for any other securities, then, in any such case,

the Board may, subject to any required approval of the TSX, make such adjustments to the Incentive Award Plan, to any Incentive Awards and to any Incentive Award Agreements outstanding under the Incentive Award Plan as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to Grantees thereunder.

Assignment

Except in the case of death, no assignment, sale, transfer, pledge or charge of a Incentive Award, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Incentive Award whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such Incentive Award shall terminate and be of no further force or effect.

Rights as a Shareholder

Until the Common Shares issuable in settlement of an Incentive Award have been issued in accordance with the terms of the Incentive Award Plan, the Grantee shall not possess any incidents of ownership of such Common Shares including, for greater certainty and without limitation, the right to receive dividends on such Common Shares and the right to exercise voting rights in respect of such Common Shares. Such Grantee shall only be considered a shareholder in respect of such Common Shares when such issuance has been entered upon the records of the duly authorized transfer agent of the Corporation.

Amendment and Termination of Plan

The Incentive Award Plan and any Incentive Awards granted pursuant thereto may, subject to any required approval of the TSX, be amended, modified or terminated by the Board without the approval of Shareholders; provided that the Incentive Award Plan or any Incentive Award may not be amended without Shareholder approval to:

- a) increase the percentage of Common Shares reserved for issuance pursuant to Incentive Awards in excess of the limit currently prescribed;
- b) extend the Payment Date of any Incentive Awards issued under the Incentive Award Plan beyond the latest Payment Date specified in the Incentive Award (other than as permitted by the terms and conditions of the Incentive Award Plan) or extend the term beyond the original expiry date;
- c) change the limitations on the granting of Incentive Awards described above under "*Limitations on Incentive Awards*"; and
- d) change the amending provision of the Incentive Award Plan.

In addition, no amendment to the Incentive Award Plan or any Incentive Awards granted pursuant thereto may be made without the consent of a Grantee if it adversely alters or impairs the rights of such Grantee in respect of any Incentive Award previously granted to such Grantee under the Incentive Award Plan.

Outstanding Option-Based Awards and Share-Based Awards

At the year-ended December 31, 2014, the following option-based awards and share-based awards of the Named Executive Officers were outstanding.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ⁽²⁾ (\$)
Stephen Bebis	–	–	–	–	123,851	1,907,305
David Gordey	–	–	–	–	15,529	234,989
Steve Rop	–	–	–	–	24,456	376,622
Erika Cobb	–	–	–	–	18,175	279,895
Craig D. Corbett ⁽³⁾	39,000	15.52	March 24, 2016	Nil	19,629	302,287

(1) The value of unexercised options was calculated based on the difference between the closing market price of the underlying Common Shares on the Toronto Stock Exchange on December 31, 2014, being \$15.40, and the exercise price of the Option.

(2) The market or payout value of share-based awards that have not vested was calculated by multiplying the number of Restricted Awards and Performance Awards (at an assumed payout multiplier of 1.0x) that have not vested by the closing price of the Common Shares on the Toronto Stock Exchange on December 31, 2014, being \$15.40.

(3) Mr. Corbett ceased employment with the Corporation as at January 20, 2015, and as of the date of this document the option-based and share-based awards had been forfeited.

INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR

The following table sets forth for each Named Executive Officer, the value of share-based awards which vested during the year ended December 31, 2014 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2014. No option-based awards vested during the year ended December 31, 2014.

Name	Option-based Awards – Value vested during the year (\$)	Share-based Awards – Value Vested During the Year ⁽¹⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year ⁽²⁾ (\$)
Stephen Bebis	–	155,345	323,324
David Gordey	–	6,024	42,043
Steve Rop	–	–	127,850
Erika Cobb	–	–	129,554
Patrick J. de Grace	–	–	–
Craig D. Corbett	–	12,668	–

(1) Value of share-based awards vested during the year is equal to the number of Restricted Awards that vested multiplied by the volume weighted average trading price of the Common Shares for the five days ending on the applicable vesting date. No Performance Awards vested during 2014.

(2) Non-equity incentive plan compensation consists of amounts earned by the Named Executive Officer for the 2014 fiscal year pursuant to the STIP.

TERMINATION AND CHANGE OF CONTROL BENEFITS

The 2014 NEOs have written employment agreements which provide for certain payments in connection with a termination without cause, and Mr. Bebis and Mr. Gordey have terms which provide for certain payments in connection with a change of control. Mr. Corbett's employment agreement also had terms which provided for certain payments in connection with a change of control.

Mr. Stephen Bebis – President and Chief Executive Officer.

The employment agreement with Mr. Bebis is for an indefinite term and may be terminated by Mr. Bebis upon three months' notice. In the event the Corporation terminates Mr. Bebis' employment agreement without cause, it will pay Mr. Bebis an amount equal to his "Total Compensation" multiplied by a fixed "Multiplier". Total Compensation is the sum of Mr. Bebis' annual base salary, monthly vehicle allowance, annual allowance and the average cash bonuses over the last three (3) years (or the most recent year if less than three years of employment). The Multiplier is one (1) for termination before Mr. Bebis' first anniversary of employment and increases by one fifth of one (0.2) for each year thereafter, up to a maximum of two (2) if termination occurs after the fifth anniversary of employment. The employment agreement contains confidentiality, non-competition, and non-solicitation covenants by Mr. Bebis, which continue for two years following cessation of employment. Mr. Bebis is not entitled to a payment in the event of a change of control unless within twelve (12) months following such change of control Mr. Bebis has terminated his employment agreement as a result of experiencing a material diminution in his position, duties, responsibilities, or base salary or a material diminution in the authority, duties, or responsibilities of the supervisor to whom he reports. In the event of this occurrence, the Corporation must pay Mr. Bebis an identical amount to that explained above relative to a termination without cause.

Mr. David Gordey – Senior Vice President and Chief Financial Officer.

The employment agreement with Mr. Gordey is for an indefinite term and may be terminated by Mr. Gordey upon two months' notice. In the event the Corporation terminates Mr. Gordey's employment without cause, it will pay Mr. Gordey an amount equal to: one times (1.0x) Mr. Gordey's annual base salary at the time of termination, one times (1.0x) Mr. Gordey's target STIP Award, and an amount equal to 25% of his annual base salary in lieu of benefits and perquisites. The employment agreement contains confidentiality, non-competition, and non-solicitation covenants by Mr. Gordey, which continue for two years following cessation of employment. Mr. Gordey is not entitled to a payment in the event of a change of control unless within twelve (12) months following such change of control Mr. Gordey has terminated his employment agreement as a result of experiencing a material

diminution in his position, duties, responsibilities, or base salary or a material diminution in the authority, duties, or responsibilities of the supervisor to whom he reports. In the event of this occurrence, the Corporation must pay Mr. Gordey an identical amount to that explained above relative to a termination without cause.

Mr. Craig D. Corbett – Former Executive Vice President, Business Development, General Counsel, and Corporate Secretary.

(Mr. Corbett ceased employment with the Corporation effective January 20th, 2015, however, prior to then, his employment agreement included the following provisions). The employment agreement with Mr. Corbett is for an indefinite term and may be terminated by Mr. Corbett upon two months' notice. If the Corporation terminates Mr. Corbett's employment without cause, it will pay Mr. Corbett an amount equal to: one and one-half times (1.5x) Mr. Corbett's annual salary at the time of termination, one and one-half times (1.5x) Mr. Corbett's target bonus, and an amount equal to 37.5% (25% of one and one-half times 1.5x) of his annual salary in lieu of benefits and perquisites. The employment agreement contains confidentiality, non-competition, and non-solicitation covenants by Mr. Corbett, which continue for two years following cessation of employment. Mr. Corbett is entitled to a payment in the event of a change of control if within twelve (12) months following such change of control Mr. Corbett has terminated his employment agreement as a result of experiencing a material adverse change in his position, duties, responsibilities, reporting relationship, or compensation. In the event of this occurrence, the Corporation must pay Mr. Corbett an identical amount to that explained above relative to a termination without cause. Mr. Corbett is also entitled to a retention bonus of one times (1x) base salary in the event he remains employed with the Corporation for three months following a change of control.

Mr. Steve Rop (Senior Vice President, Operations and Logistics) and Ms. Erika Cobb (Senior Vice President, Information Technology).

The employment agreements with Mr. Rop and Ms. Cobb are for an indefinite term and may be terminated by Mr. Rop or Ms. Cobb upon two months' notice. The employment agreements contain confidentiality, non-competition, and non-solicitation covenants by Mr. Rop and Ms. Cobb, which continue for two years following cessation of employment. If the Corporation terminates Mr. Rop's employment without cause or Ms. Cobb's employment without cause, it will pay Mr. Rop or Ms. Cobb, as the case may be, an amount equal to: (i) if termination occurs within twenty-four months of commencing employment they shall be paid one-half times (0.5x) their annual salary at the time of termination (ii) if termination occurs after twenty-four months of commencing employment they shall be paid one times (1.0x) their annual salary at the time of termination. Mr. Rop and Ms. Cobb are not entitled to a payment in the event of a change of control.

The following table summarizes the payments that would be received by each NEO in each circumstance where the NEO ceased to be employed by the Corporation on December 31, 2014, as a result of termination other than for cause or in the event of a change of control.

NEO	Termination for Other than Cause (\$)	Termination on Change of Control (\$)
Stephen Bebis		
Lump-Sum Payment	1,480,624	1,480,624
Accelerated IAP Award Vesting	426,195 ⁽¹⁾	1,077,050
Total	1,906,819	2,557,674
David Gordey		
Lump-Sum Payment	396,000	396,000
Accelerated IAP Award Vesting	–	72,700
Total	396,000	468,700
Craig D. Corbett		
Lump-Sum Payment	675,938	675,938 ⁽²⁾
Accelerated IAP Award Vesting	–	90,748
Total	675,938	766,686
Steve Rop		
Lump-Sum Payment	145,013	–
Accelerated IAP Award Vesting	–	185,035
Total	145,013	185,035
Erika Cobb		
Lump-Sum Payment	133,412	–
Accelerated IAP Award Vesting	–	103,620
Total	133,412	103,620

(1) Certain awards made to pursuant to the Incentive Award Program ("IAP") were awarded prior to the Corporation making amendments to the IAP relative to the accelerated vesting of awards under the IAP in the event of a change of control or termination for other than cause. Please see discussion above for accelerated vesting upon change of control and early termination events.

(2) In addition to the amount indicated above Mr. Corbett would have been also entitled to a retention bonus in the amount of one (1X) times his base salary provided Mr. Corbett remained with the Corporation for a three month period following the change of control. As at December 31, 2014 that retention bonus amount was \$257,500.

Except as described above, there is no compensatory plan, contract, or arrangement where an NEO is entitled to receive a payment in the event of a termination, change of control or resignation.

DIRECTOR COMPENSATION

In November 2014, the Board of Directors adopted the following Directors' Compensation Philosophy (the "Director Compensation Philosophy"):

The philosophy of the compensation structure of the Board is to compensate Directors and Committee Chairs in a form and amount which is competitive and appropriate for comparable North American companies and in the interest of shareholders, with the intent to attract and retain highly talented and experienced directors focused on the long-term success of Liquor Stores, N.A. Ltd.

DIRECTOR FEES

In accordance with its mandate, the Governance Committee is entrusted with recommending Board approval of the compensation program for directors (including the Chairman). Save for the compensation of the Chairman of the Board (discussed below), the compensation for each independent director is comprised of cash and equity components as follows:

Cash Compensation Component	Amount (\$)
Annual cash retainer for board Chairman	120,000
Annual cash retainer for all other directors	40,000
Standing committee membership fee:	
Audit	6,000
Governance	4,000
Compensation	4,000
Standing committee Chair fee:	
Audit	12,000
Governance	8,000
Compensation	8,000
Per-meeting attendance fee for directors other than board Chair:	
Board in-person meeting / telephone meeting	1,500 / 1,000
Committee in-person meeting / telephone meeting	1,500 / 1,000
Equity Compensation Component	Amount (Deferred Share Units)
Deferred share grant for board Chairman	3,000
Deferred share grant for other directors	1,000

The Chairman of the Board is paid an annual retainer of \$120,000 and receives an annual award of 3,000 deferred Common Shares under the Deferred Share Plan. He receives no other remuneration.

The Governance Committee last reviewed the Directors' compensation program in 2013. At that time, the peer group for directors was comprised of the following: AutoCanada Inc., BMTC Group Inc., Boardwalk REIT, Chorus Aviation Inc., Glentel Inc., Indigo Books & Music Inc., North West Company Inc., Parkland Fuel Corporation, Reitmans Canada Ltd., and Russel Metals Inc. The board does not anticipate making any material changes to director compensation in 2015. The Committee will undertake a review of Director compensation in accordance with the Director Compensation Philosophy.

DEFERRED SHARE PLAN

Certain features of the Deferred Share Plan are as follows:

- All non-employee Directors are eligible to participate in the Deferred Share Plan, the purpose of which is to attract and retain Directors who will promote the interests of the Corporation and be aligned with the interests of Shareholders;
- The Deferred Share Plan is administered by the Governance Committee;
- The Deferred Share Plan permits non-employee Directors to defer some or all of the cash compensation otherwise payable to them. The Deferred Share Plan allows the Directors to elect to receive up to 100% of their cash compensation as an award of deferred Common Shares;
- A deferred Common Share entitles the holder to an amount in cash equal to the weighted average closing price of the Common Shares on the TSX for the five trading days on which the Common Shares traded immediately preceding the payment date (the Corporation also has the option to settle such amount in Common Shares acquired on the TSX or issued from treasury, or a combination thereof, provided that the aggregate number of Common Shares that may be acquired on the TSX within any 12 month period shall not exceed 5% of the outstanding Common Shares as at the beginning of such period). The payment date in respect of a deferred Common Share is: (i) in the case of a deferred Common Share granted prior to December 31, 2010, the earlier of the third anniversary of the date of grant and the date the participant ceases to be a Director; and (ii) in the case of a deferred Common Share granted on or subsequent to December 31, 2010, the date the participant ceases to be a Director;
- The number of deferred Common Shares to which a participant is entitled shall be adjusted for the payment of dividends on the Common Shares in accordance with the Deferred Share Plan;
- In the event: (i) of any change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; (ii) that any rights are granted to Shareholders to purchase Common Shares at prices substantially below fair market value; or (iii) that, as a result of any recapitalization, merger, consolidation, or other transaction, the Common Shares are converted into or exchangeable for any other securities; then in any such case the Board may make adjustments to the Deferred Share Plan, to any awards made under the Deferred Share Plan and to any accounts held by Directors with respect thereto, as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to participants in the Deferred Share Plan;
- Further, in the event the Corporation enters into any transaction or series of transactions whereby the Corporation or all or substantially all of the Corporation's undertaking, property or assets would become the property of another trust, body corporate partnership, or other person, by way of take-over bid, acquisition, reorganization,

consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, the successor to the Corporation will execute all such instruments and do such things as the Corporation considers necessary to establish that upon the consummation of such transaction the successor will have assumed all covenants and obligations of the Corporation under the Deferred Share Plan and in respect of awards granted pursuant to the Deferred Share Plan in a manner that substantially preserves and does not impair the rights of the participants thereunder in any material respect;

- The right to receive deferred Common Shares is personal to Directors and may not be assigned (although Directors may request that settlement payments be issued to other individuals as the Directors may so direct); and
- The Corporation retains the right to amend from time to time or to terminate the terms and conditions of the Deferred Share Plan by resolution of the Board of Directors. Any amendments shall be subject to the prior consent of any applicable regulatory bodies.

Board policy requires that Directors must hold a minimum of an aggregate of \$80,000 of Common Shares and deferred Common Shares. At the date hereof, all of the Directors hold in excess of this minimum requirement with the exception of Mr. Lynch, Ms. Doniz and Mr. Taylor who have five years to meet the minimum share ownership requirement.

The Corporation reimburses Directors for out-of-pocket expenses in connection with their attendance at board meetings. No directors' compensation is paid to Directors who are members of management.

In 2013, the Governance Committee engaged Hugessen to review the competitiveness of our Director compensation levels and mix as well as the guidelines for stock ownership guidelines. As part of this review Hugessen relied upon the same criteria and the same peer group used to assess our compensation practices for our executive officers, with amendments to that group to reflect that: i) certain corporations closely-held by founders may have disproportionate director pay practices (namely Le Chateau Inc. and Leon's Furniture Ltd.); and ii) smaller public companies (such as Andrew Peller Inc. and Corby Distilleries Inc.) with lower revenues may have lower pay practices for their directors. Other publicly-listed organizations (Chorus Aviation Inc., Parkland Fuel Corporation, and Russel Metals Inc.) were added to the peer group because they've shared non-employee directors with the Corporation and represent public issuers which could compete for director recruitment. Further, Boardwalk REIT, a publicly-listed residential real estate investment trust, was added to the peer group to represent the importance of real-estate experience and expertise for the Corporation's directors. Consequently, the director compensation peer group is: AutoCanada Inc., BMTC Group Inc., Boardwalk REIT, Chorus Aviation Inc., Glentel Inc., Indigo Books & Music Inc., North West Company Inc., Parkland Fuel Corporation, Reitmans Canada Ltd., and Russel Metals Inc. It is Hugessen's opinion that this peer group provides a fair representation of the competitive director talent market

Directors' Summary Compensation Table

The following table sets forth, for the financial year ended December 31, 2014, the compensation to the Directors of the Corporation (other than Directors who are also Named Executive Officers).

Name	Fees earned (\$)	Share-based awards ⁽¹⁾ (\$)	Total ⁽²⁾ (\$)
Jim Dinning	120,000	45,722	165,722
R. John Butler	28,225	4,985	33,210
Irving Kipnes	23,725	4,985	28,710
Henry Bereznicki	58,000	15,241	73,241
Gary Collins	38,000	53,913	91,913
Robert S. Green	57,375	34,712	92,087
Peter Lynch	39,275	9,678	48,953
David B. Margolus	71,500	15,241	86,741

(1) Amounts are based on the grant date fair value of the deferred Common Shares awarded pursuant to the Deferred Share Plan, which was calculated by multiplying the weighted average closing price of the Common Shares on the TSX for the five trading days immediately preceding the grant date, which was \$15.24, by the number of deferred Common Shares awarded. The difference in total compensation paid and granted to Directors is due to elections made by them to receive up to 100% of their retainer in deferred Common Shares rather than cash.

(2) Messrs. Kipnes and Butler retired as directors effective May 13, 2014 when they did not stand for re-election at the 2014 Annual General Meeting. On that same date Mr. Lynch was elected a director. As such, Messrs. Kipnes, Butler and Lynch's total compensation for the year is reflective of the portion of the year they served as a Director.

DIRECTORS' OUTSTANDING SHARE-BASED AWARDS

The following table sets forth for each non-employee Director, all share-based awards outstanding at December 31, 2014:

Name	Share-Based Awards		
	Number of shares or units of shares that have not vested ⁽¹⁾ (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed ⁽²⁾ (\$)
Jim Dinning	NIL	N/A	311,758
Henry Bereznicki	NIL	N/A	61,877
Gary Collins	NIL	N/A	246,877
Robert S. Green	NIL	N/A	175,729
Peter Lynch	NIL	N/A	9,779
David B. Margolus	NIL	N/A	89,659

(1) All DSUs vest immediately upon grant.

(2) The market or payout value of vested share-based awards not paid out or distributed was calculated by multiplying the number of DSUs outstanding at December 31, 2014 by the December 31, 2014 closing market price of the Common Shares on the Toronto Stock Exchange of \$15.40.

VALUE VESTED OR EARNED DURING THE YEAR

The following table sets forth for each non-employee Director the value of deferred Common Shares which vested during the year ended December 31, 2014.

Name	Equity-based awards – Value vested during the year ⁽¹⁾ (\$)
Jim Dinning	45,722
R. John Butler	4,985
Irving Kipnes	4,985
Henry Bereznicki	15,241
Gary Collins	53,913
Robert S. Green	34,712
Peter Lynch	9,678
David B. Margolus	15,241

(1) All DSUs vest immediately at the time of the grant. Accordingly the amount presented in the table is equal to the number of DSUs granted to the Director in 2014 multiplied by the weighted average closing trading price of the Common Shares for the five trading days ending immediately preceding the date of grant.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information with respect to securities authorized for issuance under the Corporation's equity compensation plans as at December 31, 2014.

Plan Category		Number of securities to	Weighted average	Number of securities remaining
		be issued upon exercise	exercise price of	available for future issuances
		of outstanding options,	of outstanding options,	under equity compensation
		warrants and rights	warrants and rights	plans (excluding securities
				reflected in column (a))
		(a)	(b)	(c)
Equity compensation plans approved by security holders	Stock Options:	106,500	\$15.52	280,500
	Restricted Awards:	10,242	N/A	
	Performance Awards:	131,363	N/A	1,777,909
Total		248,105	Nil	2,058,409 ⁽¹⁾

(1) Represents options available for issuance under the Corporation's Share Option Plan. Options were last granted in 2011.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

AGGREGATE INDEBTEDNESS

Other than "routine indebtedness", there is no indebtedness outstanding on the date hereof owed to (i) the Corporation or any of its subsidiaries, or (ii) another entity where that indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, by any present or former directors, executive officers and employees, as applicable, of the Corporation and its subsidiaries.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS UNDER SECURITIES PURCHASE AND OTHER PROGRAMS

Since the commencement of the Corporation's most recently completed financial year, there has been no indebtedness (other than routine indebtedness) owed to (i) the Corporation or any of its subsidiaries, or (ii) another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, by any individual who is, or at any time during our most recently completed financial year was, a director or executive officer of the Corporation, a proposed nominee for election as a director of the Corporation, or an associate of any such director, executive officer or proposed director.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Corporation, nor any proposed director, nor any associate or affiliate of any informed person or proposed director, has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's last financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

MANAGEMENT CONTRACTS

There are no management functions of the Corporation or any of its subsidiaries that are to any substantial degree performed by a person other than the directors or executive officers, as applicable, of the Corporation or the subsidiary.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

The Directors know of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Information Circular. However, if any other matters properly come before the Meeting, it is the intention of the officer designees named in the form of proxy accompanying this Information Circular to vote in respect thereof in accordance with their best judgment of such matters.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com. Financial information is provided in the Corporation's comparative annual financial statements and management's discussion and analysis for our most recently completed financial year. A copy of the Corporation's financial statements and management's discussion and analysis is available upon written request to the Senior Vice President & Chief Financial Officer of the Corporation at #300, 10508 – 82 Avenue, Edmonton, Alberta, T6E 2A4.

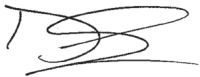
SHAREHOLDER PROPOSALS FOR 2016 ANNUAL MEETING

Any Shareholder's proposal that satisfies the provisions of the Canada Business Corporations Act, and is intended to be presented at the 2016 annual meeting of shareholders, must be received by the Corporation no later than January 7, 2016.

DIRECTORS' APPROVAL

The contents and the sending of this Information Circular have been approved by the Board.

Dated this 6th day of April, 2015.



David Gordey

Senior Vice President and Chief Financial Officer

SCHEDULE A

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Instrument 52-110 *Audit Committees* (the “**CSA Audit Committee Rules**”) includes requirements regarding audit committee composition and responsibilities, as well as reporting obligations with respect to audit related matters. Reference is made to the section entitled “Audit Committee” of the Annual Information Form of the Corporation for the year ended December 31, 2014, available on SEDAR at www.sedar.com and which may be obtained free of charge, on request, from the Chief Financial Officer of the Corporation.

National Policy 58-201 *Corporate Governance Guidelines* (the “**CSA Governance Policy**”) provides guidance on governance practices for Canadian issuers and National Instrument 58-101 *Disclosure of Corporate Governance Practices* (the “**CSA Disclosure Instrument**”) requires issuers to make prescribed disclosure regarding their governance practices. The Corporation believes that its corporate governance practices meet the requirements of the CSA Disclosure Instrument and the CSA Governance Policy, as illustrated in the disclosure made hereunder.

Required disclosure under the CSA Disclosure Instrument	Does the Corporation align?	Corporate Governance Practices of the Corporation
1. BOARD OF DIRECTORS OF THE CORPORATION		
a) Disclose the identity of directors who are independent.	Yes	Of the nine (9) current members of the Board of Directors, eight (8) directors are “independent” within the meaning of the CSA Disclosure Instrument. They are Henry Bereznicki, Gary Collins, Jim Dinning, Susan Doniz, Robert Green, Peter Lynch, David Margolus and Harry Taylor. Mr. Margolus is counsel to and a partner of Witten LLP, which is one firm of several that receives fees for legal services provided to the Corporation and its subsidiaries. The Directors have concluded, however, that this relationship cannot reasonably be expected to interfere with the exercise of independent judgement by Mr. Margolus and accordingly that Mr. Margolus is “independent” within the meaning of the CSA Disclosure Instrument.
b) Disclose the identity of directors who are not independent, and describe the basis for that determination.	Yes	Mr. Bebis, in his role as President and Chief Executive Officer of the Corporation is not independent.
c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors does to facilitate its exercise of independent judgement in carrying out its responsibilities.	Yes	Eight (8) of our nine (9) current Directors are independent.
d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	Yes	The reporting issuer directorships of all Director nominees are described in this Information Circular under “Matters to be Acted Upon at the Meeting—Election of Directors of the Corporation”.
e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer’s most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.	Yes	The independent Directors meet at each regularly-scheduled Board meeting without management or non-independent Directors present and usually meet without management or non-independent Directors present at non-regularly scheduled meetings. Four (4) of such regular meetings of independent Directors were held in 2014. In addition, each standing Committee of the Board of Directors meets at each regularly-scheduled Committee meeting without management or non-independent Directors present. Each standing Committee held four (4) of such regularly-scheduled meetings in 2014. Committees and the Board also hold meetings of independent members at non-regularly scheduled meetings.

Required disclosure under the CSA Disclosure Instrument	Does the Corporation align?	Corporate Governance Practices of the Corporation
f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.	Yes	Jim Dinning is the Chairman of the Board of Directors and as noted above, Mr. Dinning is independent.
g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.	Yes	The record of attendance of Directors at Board and standing committee meetings during 2014 is set forth in Schedule "B" to this Information Circular.
2. BOARD MANDATE		
Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.	Yes	<p>The Board of Directors has adopted a formal board mandate, which is attached to this Information Circular as Schedule "C".</p> <p>The Board of Directors holds regular meetings to review the business and affairs of the Corporation and to make decisions relating thereto. The Board of Directors, in conjunction with management, participates in the strategic planning process, identifies the principal risks of the business and seeks to implement appropriate systems to manage these risks, as well as seeking to ensure the integrity of the internal controls and management information systems of the Corporation.</p>
3. POSITION DESCRIPTIONS		
a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.	Yes	<p>The Board of Directors has adopted formal terms of reference for the Chairman however it does not have written position descriptions for the chair of each board committee. The Chairman's primary role is (as it has been in the past) to work with the Chief Executive Officer and the directors to ensure effective relations with Board members, shareholders, other stakeholders and the public. The Chairman shall maintain on-going communications with the CEO and the Board and co-ordinate CEO interaction with the Board (ensuring that the responsibilities of the CEO are well understood by the Board). The Chairman shall also manage the affairs of the Board (including chairing meetings of the Board), ensure the Board is organized properly, functions effectively, and discharges its obligations and responsibilities. As Chairman, Mr. Dinning is an <i>ex officio</i> voting member of each standing Committee of the Board. The independent members of the Board of Directors meet regularly without management (and historically, if any, other non-independent directors present).</p> <p>Although there are no written terms of reference for each committee chair, the Board delineates the role and responsibilities of each committee chair with direct reference to the responsibilities of each committee as set forth in the written mandates for each committee. Similar to the responsibilities of the Board Chairman, each committee chair is expected to provide leadership to enhance committee effectiveness and oversee the committee's discharge of its duties and responsibilities. Committee chairs must report regularly to the Board of Directors on the business of their committee and the discharge of duties as set forth in the written committee mandates.</p>

Required disclosure under the CSA Disclosure Instrument	Does the Corporation align?	Corporate Governance Practices of the Corporation
b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.	Yes	<p>The Board of Directors has adopted a formal position description for the President and CEO. According to the position description, the President & CEO's primary responsibilities include: (i) providing overall leadership and vision in developing, in concert with the Board, the strategic direction of the Corporation, (ii) providing overall leadership and vision in developing the tactics and business plans necessary to realize the objectives of the Corporation, and (iii) managing the overall business to ensure strategic and business plans are effectively implemented, the results are monitored and reported to the Board, and financial and operational objectives are attained.</p> <p>The Board expects the President and CEO and his management team to be responsible for the management of our strategic and operational agenda and for the execution of the decisions of the Board. The directors expect to be advised on a regular basis as to the results being achieved, and to be presented for approval alternative plans and strategies, in keeping with evolving business conditions. In addition to those matters which by law must be approved by the Board, the prior approval of the Board, or of a committee of the Board to which approval authority has been delegated by the Board, is required for all matters of policy and all actions proposed to be taken by the Corporation which are not in the ordinary course of operations. In particular, the Board approves the appointment of all officers and the Board approves all material transactions.</p> <p>The Compensation Committee, together with the Chairman of the Board, develop each year goals and objectives that the President & CEO is responsible for achieving. The Compensation Committee and the Chairman of the Board evaluate the President & CEO's performance in light of such goals and objectives and in consultation with and with approval of the Board of Directors establish the CEO's compensation based on this evaluation. The corporate objectives that the President & CEO is responsible for meeting, with the rest of management placed under his supervision, are determined by the strategic plans and the budget as they are approved each year by the Board.</p>

4. ORIENTATION AND CONTINUING EDUCATION

a) Briefly describe what measures the board takes to orient new directors regarding	Yes	<p>The Governance Committee is responsible for developing, monitoring and reviewing our orientation and continuing education programs for Directors. During 2014, the Governance Committee completely reconsolidated and revised the orientation of new directors. The Governance Committee has developed the following orientation program:</p>
i. the role of the board, its committees and its directors, and		<p>New Directors will be provided with extensive information on the Corporation's business, its strategic and operational business plans, key documents, its operating performance, its financial position and the governance system of the Corporation and its subsidiaries. In addition, new Directors will meet individually with the President & CEO and other senior executives to discuss these matters. The program is designed to ensure that Directors (and candidates) understand the role of the Board, their respective committees and the contribution that individual directors are expected to make, including the personal commitment expected of directors.</p>
ii. the nature and operation of the issuer's business.		<p>In addition to meetings with members of management, as part of the orientation, Directors participate in tours of our stores as well as our competitors' stores.</p>

Required disclosure under the CSA Disclosure Instrument	Does the Corporation align?	Corporate Governance Practices of the Corporation
b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.	Yes	<p>The Chairman of the Board, in consultation with the Governance Committee, monitors and reviews the continuing education programs for directors and ensures that Directors have access to education and information. Senior management makes regular presentations to the Board on the main areas of our business. All Directors are members of the <i>Institute of Corporate Directors</i> and have access to educational tools provided by this organization; and all directors are further encouraged to obtain the ICD.D designation granted by the institute (at the cost of the Corporation). Ms. Doniz, Mr. Dinning and Mr. Margolus have the ICD.D designation and several Directors participate in ICD continuing education programs.</p> <p>With specific reference to business operations, all Directors regularly take part in store tours often held in conjunction with quarterly meetings. Additionally, members of management are invited to present, formally, on business initiatives and to attend dinners wherein they informally discuss the business with Directors alongside more formal product knowledge and educational (including tastings) sessions.</p>
5. ETHICAL BUSINESS CONDUCT		
a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:	Yes	The Corporation has adopted a Joint Code of Business Conduct (the “Code”).
i. disclose how a person or company may obtain a copy of the code;		The Code is accessible on the Corporation’s website at www.liquorstoresna.ca and on SEDAR at www.sedar.com . A paper copy is also available upon request from the Chief Financial Officer of the Corporation.
ii. describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and		<p>The Code is distributed to and signed by each of our salaried employees when they are hired.</p> <p>In addition, the Corporation conducts an annual certification process to monitor compliance with the Code (and other corporate policies) and the Chief Executive Officer reports the results of such process to the Board on an annual basis.</p>
iii. provide a cross-reference to any material change report filed since the beginning of the issuer’s most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.		No such material change report has been filed during 2014.
b) Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.	Yes	In accordance with applicable law, when a conflict of interest arises, a Director is required to disclose his or her interest and abstain from voting on the matter. In addition, the Chairman may ask the Director or officer to leave the room during any discussion concerning such matter.
c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.	Yes	In addition to monitoring compliance with the Code, the Corporation has adopted various corporate policies that enhance the awareness of the importance of ethical business conduct and provide both employees and non-employees with a mechanism for reporting unethical or questionable acts including the Joint Whistleblower Policy and the Joint Disclosure, Confidentiality and Trading Policy.

Required disclosure under the CSA Disclosure Instrument	Does the Corporation align?	Corporate Governance Practices of the Corporation
6. NOMINATION OF DIRECTORS		
a) Describe the process by which the board identifies new candidates for board nomination.	Yes	<p>The Governance Committee of the Board is responsible for developing, reviewing and monitoring criteria, as well as establishing procedures for selecting directors by regularly assessing the competencies, skills, personal qualities, availability, geographical representation, business background and diversified experience of the directors and the circumstances and needs of the Corporation and its subsidiaries. The committee identifies candidates qualified to become Board members and selects or recommends that the Directors select nominees for the next annual meeting of Shareholders.</p> <p>In 2013 and 2014 the Governance Committee engaged the services of Korn Ferry International to assist the Committee in identifying and recommending new director candidates. Using the gap analysis/skills/diversity matrix developed by the Board, Korn Ferry produced a long list of candidates. Following initial interviews and due diligence by Korn Ferry a short list of candidates was interviewed by all members of Governance Committee resulting in recommendations to the Board of new appointees. Directors Lynch, Doniz and Taylor were all appointed in accordance with this process.</p>
b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.	Yes	The Governance Committee is currently comprised of four (4) directors, all of whom are “independent” within the meaning of the CSA Disclosure Instrument.
c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	Yes	<p>The Directors have adopted a formal charter for the Governance Committee.</p> <p>The charter of the Governance Committee with respect to governance matters provides that the committee is responsible for overseeing the functioning and assessment of the Board and the committees of the Board and for the development, recommendation to the Board, implementation, and assessment of effective governance principles. Among other things, the committee is responsible for monitoring the composition and performance of the Board and its committees. The committee identifies candidates qualified to become Board members and regularly assesses the competencies, skills, personal qualities, availability, geographical representation, business background and diversified experience of the Board members and the circumstances and needs of the Corporation.</p> <p>The committee also reviews annually the performance and effectiveness of the Board, its committees, committee chairs and Board members. On an annual basis the Governance Committee also leads Directors in completing a “gap analysis / skills matrix” to assess the skills and qualities it may wish to seek in new board candidates.</p>

Required disclosure under the CSA Disclosure Instrument	Does the Corporation align?	Corporate Governance Practices of the Corporation
7. COMPENSATION		
a) Describe the process by which the board determines the compensation for the issuer's directors and officers.	Yes	The compensation of the Board of Directors is determined annually by the Board based on the reviews and recommendations of the Governance Committee. The compensation of senior officer's is determined annually by the Board based on the reviews and recommendations of the Compensation Committee (and, with respect to the compensation of the President & Chief Executive Officer, based upon a recommendation from the Chairman). Please see "Compensation Discussion & Analysis" in the Information Circular for additional information.
b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.	Yes	All current members of the Compensation Committee are "independent" within the meaning of the CSA Disclosure Instrument.
c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	Yes	As noted above, the Board has adopted a formal charter for the Compensation Committee. The charter of the Compensation Committee with respect to compensation matters provides that the committee's responsibilities include oversight of officer and employee compensation, oversight of the evaluation of management of the Corporation, including the President & CEO and the review of the effectiveness of the Corporation's human resources and development, succession planning and performance evaluation programs for senior executives. The committee recommends the appointment of officers, including the terms and conditions of their appointment and termination, and reviews the evaluation of the performance of our officers, including recommending their compensation. In collaboration with the Board chair, the committee reviews the CEO's corporate goals and objectives and evaluates his performance in light of such goals and objectives. The committee also oversees management's implementation of appropriate human resources systems, such as hiring policies, training and development policies and compensation structures with a view to enabling the Corporation to attract, motivate and retain quality executives and personnel. The Compensation Committee reports its findings to the Board.
8. OTHER BOARD COMMITTEES		
If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	No	The Board of Directors has no standing committees other than the Audit, Compensation, and Governance Committees.

Required disclosure under the CSA Disclosure Instrument	Does the Corporation align?	Corporate Governance Practices of the Corporation
9. ASSESSMENTS		
Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.	Yes	In 2014, an assessment of the performance of the Board, committees, the Chairman, committee chairs and individual directors was undertaken, led by the Governance Committee. These assessments are conducted on an annual basis and are structured as interviews with each director.
10. DIRECTOR TERM LIMITS AND OTHER MECHANISMS OF BOARD RENEWAL		
Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.	Yes	The Corporation has not adopted term limits or other formal mechanisms of renewal. Since May 2014, three new directors have been recruited to the Board while two long-serving directors have retired (a net increase of one director). The Board believes that it can best strike the right balance between continuity and fresh perspectives without mandated term limits. It is the Board's view that relying on robust assessment procedures and acting on those results better targets underperforming directors verses arbitrary term limits or retirement ages that may negatively impact the Corporation by discounting the value of experience and continuity. The Board relies on a skills matrix with a variety of skills and indicia to ensure the Corporation seeks Directors with a variety of skills and backgrounds.
11. POLICIES REGARDING THE REPRESENTATION OF WOMEN ON THE BOARD		
Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.	No	Diversity, including gender, is, and was, a factor considered in the nomination of directors. The Corporation has not adopted a formal policy, though the Corporation, through its Board, is committed to diversity and is taking active steps, as can be shown by recent director appointments, to increase diversity on the Board. The Board is committed to add directors or fill vacancies with people having the skills and background that will ensure an effective Board.
12. CONSIDERATION OF THE REPRESENTATION OF WOMEN IN THE DIRECTOR IDENTIFICATION AND SELECTION PROCESS		
Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.	Yes	The Board and Governance Committee consider all aspects of diversity, including gender, age, ethnicity and geographic background, in assessing board composition and potential candidates. The Governance Committee seeks the most qualified candidates who meet the needs of the Corporation, which includes diversity of backgrounds. The Board most recently actively sought a qualified female director noting the absence of same on the Board.

Required disclosure under the CSA Disclosure Instrument	Does the Corporation align?	Corporate Governance Practices of the Corporation
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13. CONSIDERATION GIVEN TO THE REPRESENTATION OF WOMEN IN EXECUTIVE OFFICER

Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.	Yes	The Corporation's main operating subsidiary (of which all Executive Officers are employees of) has an Equal Employment Opportunity policy that applies to all employees. The Board is cognizant of representation of women in senior management and, considers this, along with all other factors that contribute to a diverse, thriving and effective work environment, when working with the CEO to determine the constitution of the Corporation's Executive Officers. Similar to directors, the Corporation does not have a formal standalone policy for executive officers but is committed to representation of women as can be shown by recent executive officer appointments.
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14. ISSUER'S TARGETS REGARDING THE REPRESENTATION OF WOMEN ON THE BOARD AND IN EXECUTIVE OFFICER POSITIONS

	No	The Corporation, through the Board and CEO, has purposely developed an executive team and board of increased diversity. The Corporation has not adopted targets (as defined in National Instrument 58-101) regarding women on the Board and in Executive Officer positions. As described in Section 11 above with respect to the Board, the Corporation is, and remains, committed to diversity and equality and seeks to add to management, or fill vacancies, with people with the skills and background that will make them the most effective for the Corporation.
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15. NUMBER OF WOMEN ON THE BOARD AND IN EXECUTIVE OFFICER POSITIONS

a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.		The Corporation recruited one female Board member, being 11% of the Board (1/9) following an extensive search in Q4 2014.
b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.		In early 2014, the Corporation recruited 2 new women as executive officers, being 29% (2/7). Prior to the recruitment of these women there were no women as executive officers of the Corporation.

SCHEDULE B

RECORD OF ATTENDANCE BY DIRECTORS FOR THE YEAR ENDED DECEMBER 31, 2014

Directors	Regular/Quarterly Directors Meetings	Special Directors Meetings ⁽¹⁾	Standing Committees ⁽²⁾
Henry Bereznicki	4 of 4	2 of 2	4 of 4
R. John Butler	2 of 2	2 of 2	7 of 8
Gary Collins	4 of 4	2 of 2	10 of 10
Jim Dinning ⁽³⁾	4 of 4	2 of 2	14 of 14
Robert S. Green	4 of 4	2 of 2	9 of 9
Irving Kipnes	1 of 2	2 of 2	–
Peter Lynch	2 of 2	–	4 of 4
David B. Margolus	4 of 4	2 of 2	9 of 9
Stephen Bebis	4 of 4	2 of 2	–

(1) Special meetings of the Board of Directors refer to formal meetings of the Board of Directors held in between regularly-scheduled quarterly meetings.

(2) Both Mr. Butler and Mr. Kipnes did not stand for re-election at the May 13, 2014 Annual General Meeting. Mr. Lynch was elected a director at the May 13, 2014 Annual General Meeting and served on committees thereafter. Committee composition changed after the May 13, 2014 Annual General Meeting in light of these changes to the Board.

(3) In his capacity as Chairman, Mr. Dinning is an ex-officio member of each Standing Committee of the Board of Directors.

Summary of Director and Standing Committee Meetings Held

Regularly/Quarterly Directors	4
Special Directors	2
Audit	5
Compensation	5
Governance	4

LIST OF 2014 STANDING COMMITTEE MEMBERS

AUDIT COMMITTEE—Robert S. Green, *Committee Chair*, R. John Butler, Gary Collins, Jim Dinning until May 13, 2014 and Robert Green (chair), Gary Collins, Peter Lynch and Jim Dinning thereafter.

COMPENSATION COMMITTEE—Gary Collins, *Committee Chair*, R. John Butler, Jim Dinning, David B. Margolus until May 13, 2014 and Gary Collins (chair), Henry Bereznicki, Jim Dinning, Peter Lynch and David Margolus thereafter.

GOVERNANCE COMMITTEE—R. John Butler, *Committee Chair*, Jim Dinning, Robert S. Green, David B. Margolus until May 13, 2014 and David Margolus (chair), Henry Bereznicki, Jim Dinning and Robert Green thereafter.

SCHEDULE C

The term “**Corporation**” refers to Liquor Stores N.A. Ltd.; the term “**Board**” refers to the board of directors of the Corporation; the term “**GP**” refers to Liquor Stores GP Inc.; and the term “**LP**” shall refer to Liquor Stores Limited Partnership.

The Board is elected by the shareholders of the Corporation and is responsible for the stewardship of the affairs of the Corporation. The Board seeks to discharge such responsibility by reviewing and discussing the strategies and plans of management (“**Management**”) of the Corporation and its subsidiaries and supervising Management and monitoring the performance of the Corporation and its subsidiaries. Further, each member of the Board acknowledges that in connection with his or her service to the Corporation, if required, he or she may also be asked to serve on the Board of Directors of the GP, and in serving in such capacity he or she shall exercise his or her voting and management rights respecting the GP (the general partner of the LP).

The Board is responsible for establishing and maintaining a culture of integrity in the conduct of the affairs of the Corporation and by overseeing and monitoring Management to ensure a culture of integrity is maintained. The Board seeks to discharge this responsibility by satisfying itself as to the integrity of the senior management of the Corporation, and by overseeing and monitoring Management to ensure a culture of integrity is maintained.

Although directors may be nominated or elected by shareholders to bring special expertise or a point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interests of the Corporation and its shareholders must be paramount at all times.

DUTIES OF DIRECTORS

The Board discharges its responsibilities directly and through its committees, the Compensation Committee, the Governance Committee and the Audit Committee. In addition to these regular committees, the Board may appoint ad hoc committees periodically to address certain issues of a more short-term nature. In addition to the Board’s primary role of overseeing the affairs of the Corporation (and its subsidiaries), principal duties include, but are not limited to the following categories:

OVERSIGHT RESPONSIBILITY

1. The Board has the responsibility for approving the appointment of the Executive Chairman (as required), Chairman, Chief Executive Officer and any other officers of the Corporation (collectively, the “**Officers**”), and approving the compensation of the Executive Chairman (as required), Chairman, Chief Executive Officer and other officers and senior employees of the Corporation and the GP following a review of the recommendations of the Compensation Committee.
2. The Board has delegated authority to the Chief Executive Officer for the overall management and operations of the Corporation to ensure the long-term success of the Corporation. The Board

has also delegated the responsibility to ensure that the Limited Partnership Agreement governing the LP is complied with to the Chief Executive Officer. The Chief Executive Officer will work in conjunction with the Chairman on strategy related issues to ensure the long-term success of the Corporation. This delegation is subject to the General Authority Guidelines in Appendix “A” that requires either prior authorization by the Board or periodic review by the Board in respect of specified matters.

3. The Board may from time to time delegate authority to the Corporation’s Officers, subject to specified limits. Matters that are outside the scope of the authority delegated to the Officers and material transactions are reviewed by and subject to the prior approval of the Board.
4. The Board is responsible for monitoring the performance of Management with respect to the operations of the Corporation.

MONITORING OF FINANCIAL PERFORMANCE AND OTHER FINANCIAL REPORTING MATTERS

5. The Board has oversight responsibility for reviewing and questioning the strategies and plans of the Corporation (and its subsidiaries, including but not limited to the GP and the LP).
6. The Board has oversight responsibility for reviewing systems for managing the principal risks of the Corporation’s business including insurance coverage, conduct of material litigation and the effectiveness of internal controls.
7. The Board is responsible for considering appropriate measures it may take if the performance of the Corporation falls short of their goals or other special circumstances warrant.
8. The Board shall be responsible for approving the unaudited financial statements and the notes of the Corporation and shall be responsible to review the consolidated financial statements of the Corporation, the GP and the LP and shall provide its recommendation for approval of such consolidated financial statements to the audit committee of the Corporation.
9. The Board is responsible for reviewing and approving material transactions involving the Corporation, the GP or the LP, and those matters which the Board is required to approve under its governing legislation, including the payment of dividends, acquisitions and dispositions of material assets by the GP or the LP and material expenditures by the Corporation, the GP or the LP.
10. As parent company of the GP, the Board is responsible for reviewing and directing how the GP will exercise its voting and managerial rights in respect of matters relating to the LP.
11. The Board has responsibility for effectively monitoring the principal risks of the Corporation (and its subsidiaries).

BOARD ORGANIZATION

12. The Board will respond to recommendations received from the Compensation, Governance and Audit Committees, but retains the responsibility for managing its own affairs by giving approval for its composition, the selection of the Executive Chairman (as required), Chairman, candidates nominated for election to the Board, committee and committee chair appointments, committee charters and director compensation.
13. The Board may delegate to Board committees matters it is responsible for, including the approval of compensation of the Board and Management, the approval of interim financial results, the conduct of performance evaluations and oversight of internal control systems, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.

POLICIES AND PROCEDURES

14. The Board is responsible for:
- a) approving and monitoring compliance with all significant policies and procedures by which the Corporation is operated;
 - b) approving policies and procedures designed to ensure that the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and
 - c) enforcing obligations of the directors respecting confidential treatment of the Corporation's proprietary information and Board deliberations.
15. The Board has approved a Joint Disclosure Policy respecting communications to the public.

COMMUNICATIONS AND REPORTING

16. The Board is responsible for:
- a) overseeing the accurate reporting of the financial performance of the Corporation to shareholders, on a timely and regular basis;
 - b) overseeing that the financial results of the Corporation are reported fairly and in accordance with generally accepted accounting standards;
 - c) ensuring the integrity of the internal control and management information systems of the Corporation; and
 - d) taking steps to enhance the timely disclosure to the Corporation of any other developments that have a significant and material impact on the Corporation to enable the Corporation to comply with its timely disclosure obligations.

APPENDIX A TO SCHEDULE C

GENERAL AUTHORITY GUIDELINES

AUTHORITY OF THE MANAGEMENT

The Corporation may have an Executive Chairman, Chairman and may have a Chief Executive Officer.

The Chief Executive Officer is responsible for overall management and operations of the Corporation. The Chief Executive Officer will work in conjunction with the Chairman on strategy related issues to ensure the long-term success of the Corporation.

This responsibility is subject to the provisions of applicable law, the articles and by-laws of the Corporation, the Governance Agreements and any particular direction or resolution of the Board of Directors, except for the following matters that require the specific authorization of the Board or a Board committee. In addition, certain matters identified below will be subject to periodic review by the Board or a Board committee.

The delegation contemplated by these guidelines shall include the authority to establish areas of responsibility and limits of authority for members of management of the Corporation and its subsidiaries.

MATTERS REQUIRING DIRECTORS OR COMMITTEE OF DIRECTORS APPROVAL OR REVIEW

1. Organizational Changes and Policy

- a) Subject to the discretionary limits set out in paragraphs f), g) and h) below, approve major changes to the organization of the Corporation or its respective subsidiaries, such as the creation or divestiture of investments or acquisitions.
- b) Approve the adoption of or changes to the Corporation's policies with application to the conduct of directors, including the Joint Disclosure Policy of the Corporation.
- c) Review of adherence to the policies of the Corporation.
- d) Approve any proposed changes to the Corporation's articles or by-laws.

2. Budgets, Plans and Commitments

- e) Review and approve the annual budget of the Corporation, the LP and the annual budget for the GP, if any.
- f) Approve any capital commitments in any year not contained in the approved budgets of the Corporation, the LP, and the GP over \$300,000 per occurrence.
- g) Approve any single capital commitment for an acquisition or acquisitions exceeding \$3,000,000 (inclusive of related store development costs), in aggregate.
- h) Approve any single divestiture of more than \$3,000,000.
- i) Approve long range business planning in accordance with the policies of the Corporation.
- j) Approve major agreements or long-term leases outside the ordinary course of business of the Corporation (and its subsidiaries), including, without limitation, approving all related party agreements and or related party leases.

3. Financial and Corporate

- k) Approve the annual audited financial statements of the Corporation.
- l) Approve the interim financial statements of the Corporation.
- m) Approve the dividend policy of the Corporation.
- n) Approve changes in authorized capital, issuance or repurchase of shares, debt securities and related prospectuses or trust indentures, if any.
- o) Generally review operating and financial performance relative to budgets and objectives.
- p) Review significant changes in accounting practices or policies.
- q) Approve all borrowing, hedging, credit agreements, amendments to credit agreements, and the granting of guarantees and/or letters of credit outside the ordinary course of business or pursuant to related party agreements and/or leases.
- r) Review significant changes in accounting practices or policies.

4. External Auditors of the Corporation

- s) Approve appointment of external auditors, establishment of their fees and annual audit plan.
- t) Review independence of external auditors.
- u) Review findings of external audit review and Management's response.
- v) Review the Corporation's conduct of litigation that could materially affect the financial condition of the Corporation or its subsidiaries.
- w) Review effectiveness of internal control procedures.

5. Insurance Matters

- x) Risk Management.
- y) Review the Corporation's risk management and insurance coverage.

6. Management and Human Resources

- z) Approve appointment or removal of any of the Corporation's Officers;
 - aa) Confirm appointments of other officers.
 - bb) Evaluate performance of the Executive Chairman, Chairman and the Chief Executive Officer.
 - cc) Approve compensation for the Corporation's Officers.
 - dd) Approve contracts of the Corporation's Officers including special termination provisions or payments.
 - ee) Approve adoption of share purchase or other share-based compensation arrangements, if any.
 - ff) Approve short-term and long-term incentive plan criteria, targets and awards, if any, in so far as such plans are a direct activity of the Corporation.
 - gg) Review the Corporation's Officers succession plans.

SCHEDULE D

BY-LAW NO.2

A by-law respecting the nomination of directors of LIQUOR STORES N.A. LTD. (the “Corporation”).

IT IS HEREBY ENACTED as a by-law of the Corporation as follows:

- (a) **Nomination Procedures.** Subject only to the *Canada Business Corporations Act* (the “Act”), the articles of the Corporation and applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, including the written rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each province and territory of Canada (collectively, “Applicable Securities Laws”), only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board of directors (the “Board”) of the Corporation may be made at any annual meeting of shareholders (“Shareholders”) of the Corporation, or at any special meeting of Shareholders if the election of directors is a matter specified in the notice of meeting:
- i. by or at the direction of the Board, including pursuant to a notice of meeting;
 - ii. by or at the direction or request of one or more Shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of the Shareholders made in accordance with the provisions of the Act; or
 - iii. by any person (a “Nominating Shareholder”) who: (A) at the close of business on the date of the giving of the notice provided for in this by-law and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares of the Corporation carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and provides satisfactory evidence of such beneficial ownership to the Corporation; and (B) complies with the notice procedures set forth below in this by-law.
- (b) **Timely and Proper Notice.** In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the secretary of the Corporation in accordance with this by-law.
- (c) **Manner of Timely Notice.** To be timely, a Nominating Shareholder’s notice must be given:
- i. in the case of an annual meeting (including an annual and special meeting) of Shareholders, not less than 30 days prior to the date of the meeting; provided, however, that in the event that the meeting is to be held on a date that is less than 50 days after the date (the “Notice Date”) on which the first public announcement of the date of the meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and

- ii. in the case of a special meeting (which is not also an annual meeting) of Shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the meeting was made.

Each of the notice periods set forth in paragraphs (c)(i) and (c)(ii) above shall be reset if the meeting is adjourned and/or postponed, and for this purposes the Notice Date shall be the date of the first public announcement of the adjournment and/or postponement.

- (d) **Proper Form of Notice.** To be in proper written form, a Nominating Shareholder’s notice must set forth:
- i. as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation, business or employment of the person, both present and within the five years preceding the notice, and the name and principal business of any company in which any such employment is carried on; (C) whether the person is a resident Canadian within the meaning of the Act; (D) the number of securities of each class of securities of the Corporation or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by such person, as of the record date for the meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; (E) full particulars regarding any agreement, arrangement or understanding between the nominee and the Nominating Shareholder, or any associates or affiliates of, or any person or entity acting jointly or in concert with, the nominee or the Nominating Shareholder in connection with the nominee’s nomination and election as a director; (F) whether the nominee is party to any existing or proposed relationship, agreement, arrangement or understanding with any competitor of the Corporation or any other third party which may give rise to a real or perceived conflict of interest between the interests of the Corporation and the interests of the nominee; (G) such person’s written consent to being named in the notice as a nominee and to serving as a director of the Corporation if elected; and (H) any other information relating to the person that would be required to be disclosed in a dissident’s proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or any Applicable Securities Laws; and
 - ii. as to the Nominating Shareholder: (A) the name and address of such Nominating Shareholder, as they appear on the securities register of the Corporation; (B) the number of securities of each class of voting securities of the Corporation or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by such person or any joint actors, as of the record date for the meeting (if such date shall then have been made publicly

available and shall have occurred) and as of the date of such notice; (C) full particulars regarding any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the notice by, or on behalf of, such Nominating Shareholder, whether or not such instrument or right shall be subject to settlement in underlying securities of the Corporation, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such Nominating Shareholder with respect to securities of the Corporation; (D) full particulars regarding any proxy, contract, arrangement, agreement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote or to direct or to control the voting of any shares of the Corporation; (E) whether such Nominating Shareholder intends to deliver a proxy circular and/or form of proxy to any shareholders of the Corporation in connection with such nomination or otherwise solicit proxies or votes from shareholders of the Corporation in support of such nomination; and (F) any other information relating to such Nominating Shareholder that would be required to be disclosed in a dissident's proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or any Applicable Securities Laws.

References to "Nominating Shareholder" in this paragraph (d) shall be deemed to refer to each Shareholder that nominates a person for election as director in the case of a nomination proposal where more than one Shareholder is involved in making such nomination proposal.

- (e) **Other Information.** The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to (i) determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that would reasonably be expected to be material to a reasonable Shareholder's understanding of the independence and/or qualifications, or lack thereof, of such proposed nominee, or (ii) satisfy the requirements of applicable stock exchange rules.
- (f) **Notice to be Updated.** In addition, to be considered timely and in proper written form, a Nominating Shareholder's notice shall be promptly updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting.
- (g) **Determination of Eligibility.** The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded. The Board may, in its sole discretion, waive any requirement in this by-law.

- (h) **Delivery of Notice.** Notwithstanding any other provision of this by-law, notice given to the secretary of the Corporation pursuant hereto may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the secretary of the Corporation for the purposes of the notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the secretary at the address of the principal executive offices of the Corporation, by email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of the confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is not a business day or later than 4:30 p.m. (Edmonton time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.
- (i) **Increase in number of directors to be elected.** Notwithstanding any provisions in this by-law to the contrary, in the event that the number of directors to be elected at a meeting is increased effective after the time period for which the Nominating Shareholder's notice would otherwise be due under this section, a notice with respect to nominees for the additional directorships required by this section shall be considered timely if it shall be given not later than the close of business on the tenth (10th) day following the day on which the first public announcement of such increase was made by the Corporation.
- (j) **Terms.** For purposes of this by-law, "**public announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com.

Nothing in this by-law shall be deemed to preclude discussion by a Shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act.

In the event any provision of any other by-law of the Corporation now in force is inconsistent with or in conflict with any provision of this by-law, the provisions of this by-law shall prevail to the extent necessary to remove the inconsistency or conflict.

This by-law shall remain in force and be binding upon the Corporation as regards any party acting on the faith thereof until a copy, certified by the Secretary of the Corporation, of a by-law repealing or replacing this by-law shall have been received by such party and duly acknowledged in writing.

ENACTED by the Board of Directors of the Corporation the 4th day of March, 2015.



Stephen Bebis
President

CORPORATE INFORMATION

ANNUAL GENERAL MEETING

Friday, May 8, 2015
8:00 a.m.
Varscona Hotel on Whyte
8208 - 106 Street
Edmonton, Alberta

HEAD OFFICE

#300, 10508 - 82 Avenue
Edmonton, Alberta
T6E 2A4
Tel (780) 944 9994
Fax (780) 702 1427

AUDITORS

PricewaterhouseCoopers LLP
Edmonton, Alberta

BANKERS

Canadian Imperial Bank of Commerce
Edmonton, Alberta

LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP
Calgary, Alberta

TRANSFER AGENT AND REGISTRAR

Valiant Trust Company
Calgary, Alberta

STOCK EXCHANGE

The Toronto Stock Exchange
Trading symbols – LIQ
– LIQ. DBA

BOARD OF DIRECTORS

Jim Dinning, Chairman
Stephen Bebis
Henry Bereznicki
Gary Collins
Susan Doniz
Robert S. Green
Peter L. Lynch
David B. Margolus, Q.C.
Henry (Harry) P. Taylor

EXECUTIVE MANAGEMENT

Stephen Bebis
President and Chief Executive Officer

Erika Cobb
Senior Vice President,
Information Technology

Jason Fremstad
Senior Vice President,
General Merchandise Management

David Gordey
Senior Vice President and
Chief Financial Officer

C. Lieske Renz
Senior Vice President,
Human Resources

Steve Rop
Senior Vice President,
Operations and Logistics

Jim Yaworski
Senior Vice President,
Construction and Design